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**PULLMAN COMPANY ARCHIVES  
SCRAPBOOKS  
RECORD GROUP NO. 12**

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**RG No. 12**  
**Series No. 06**

**Pullman Company.**  
**Public Relations**  
**Office.**

**Scrapbooks,**  
**1940-1947**

# BIBLIOGRAPHIC RECORD TARGET

## THE NEWBERRY LIBRARY

### PULLMAN COMPANY ARCHIVES SCRAPBOOKS

Pullman Company. Public Relations Dept.

Scrapbooks, 1940-1947.

2 cubic ft. (5 volumes)

Series organized by subject of scrapbook, and then arranged chronologically.

Newspaper clippings and advertisements regarding new Pullman coach sleepers, 1940-1942, and articles concerning the antitrust suit brought by the government against Pullman in 1940 (Civil Action No. 994) and the resulting sale of the operating arm of Pullman, Inc., the Pullman Company, to the railroads.

Unpublished inventory available in the library.

Forms part of Record Group No. 12 (Scrapbooks), Pullman Company Archives.

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## **LIST OF IRREGULARITIES**

**The Pullman Company Scrapbooks, many at least a century old and composed almost entirely of brittle newsprint, contain articles that are incomplete or illegible. While every effort has been made to provide the best copy possible, the following problems are present to varying degrees in many of the volumes:**

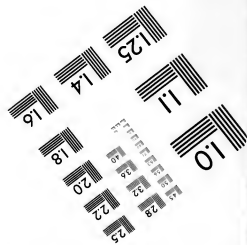
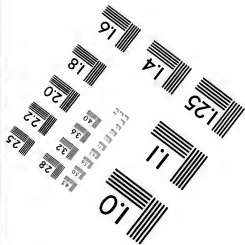
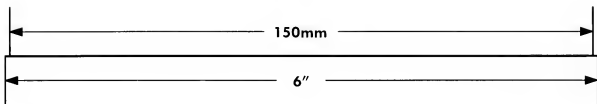
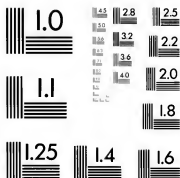
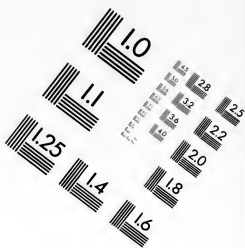
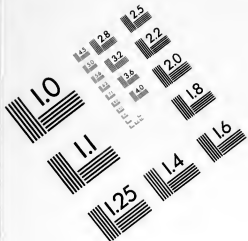
- 1. Foldouts are torn with loss of text or are lacking entirely.**
- 2. Loose clippings are torn, with portions lacking.**
- 3. There is loss of text at inner and outer margins.**
- 4. Tipped-in clippings obscure other text.**
- 5. Paper discoloration causes text illegibility.**

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1. Some pages have been filmed more than once to enhance legibility where text darkness varies within an exposure or where overlapping text is present.
2. Unless oversized, foldouts and clippings stored in envelopes attached to scrapbook pages are filmed following the page of text of frame to which they correspond.
3. Unless oversized, loose clipping inserts are filmed following the opening in which they have been inserted.
4. Oversize inserts and clippings removed from envelopes, marked with the scrapbook page number to which they correspond, are filmed in page number order at the end of each volume.

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SERIES 06

VOL. 4

January 23, 1944-  
September 22,  
1945

(Reorganization)

## Pullman Loses Plea to Modify Anti-Trust Rule

**Court Confirms Decision  
That Sleeping-Car Trust<sup>1</sup>  
Must Be Terminated Now**

PHILADELPHIA, Jan. 22 (AP).—A three-judge United States District Court declined today to modify an opinion holding that the four-company Pullman sleeping car combine is violating the anti-trust laws and must be broken up. By unanimous vote, the special expediting court rejected a Pullman group plea that the inter-

company relationship be permitted to continue after the elimination of "exclusive dealing features" in contracts with railroad companies.

Under these contracts, railroad companies wanting the Pullman Company's "personal service" sleeping and dining car management—cars required to use sleeping cars made by the Pullman Standard Car Manufacturing Company.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies next step would not be determined until a final decree has been entered dictating what forms the breakup will take.

Former United States Senator George Wharton Pepper, chief counsel, had referred reporters to Mr. Crawford when asked whether

there would be an appeal to the Supreme Court.

The ruling last April came after fifteen months of hearings. Thurman Arnold, presenting the government's case as an assistant attorney general, said during the arguments that the litigation was "part of a whole section of cases which has been set up by the government to break up bottlenecks in transportation."

Mr. Pepper maintained that "if the court is going to restrain Pullman by divorcing manufacturing from service it will be striking the first blow in judicial history at the American way of doing business."

Pullman lawyers held today that justice would be satisfied and any

violations of the anti-trust laws would be terminated if Pullman contracts were revised so that other railroad-car manufacturing companies might compete in the sleeping-car field.

The court ruled, however, that there must be an absolute separation of the manufacturing from the servicing branch. At the same time it decided against the government on other points by a 2-to-1 vote.

Judges Albert B. Maris and Herbert F. Goodrich rejected the government demand that Pullman, Inc., be ordered to stay in the servicing business, dispose of the car-manufacturing business, and

in the future purchase sleeping cars only on a competitive basis. Judge John Biggs Jr. dissented.

The decree, which would be entered under the Sherman and Clayton anti-trust laws, would end what the government terms the "monopoly" which has existed in the sleeping-car business for forty-four years.

The Journal of Commerce  
New York

Jan. 24, 1944

## Pullman Is Given Separation Choice

PHILADELPHIA, Jan. 23 (AP).—Pullman, Inc., retained the right today to decide whether it continues in the business of manufacturing sleeping cars and other railroad equipment or whether it wishes to operate a sleeping car service following a preliminary ruling made by three United States District Court judges yesterday that the company must separate the two businesses.

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Pullman Standard Manufacturing Co., a Pullman subsidiary, manufactures the sleeping cars and other railroad equipment. Pullman Co. is the servicing subsidiary.

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*Pullman  
Reorganization  
v. 4  
1944-45*

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The court ruled that Pullman Co. should have at least three months to make the choice of which business it will retain and shall have a year to put the plan into effect. Counsel for the company and Government attorneys now will submit additional proposals to the court pending issuance of the final decree.

*Pullman  
Company  
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# Choice Rests With Pullman On Service

## Nature of Business Must Be Decided In Trust Issue

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### Subsidiary Builds Cars

Judge Albert B. Maris and Herbert F. Goodrich rejected the government demand that Pullman, Inc., be ordered to stay in the servicing business and dispose of the car manufacturing business. The court also rejected a government proposal that in the future the company purchase sleeping cars only on a competitive basis. Judge John Biggs, Jr. dissented.

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### Final Decree Pending

The court ruled that Pullman Company should have at least three months to make the choice of which business it will retain and shall have a year to put the plan into effect.

Counsel for the company and government attorneys now will submit additional proposals to the court pending issuance of the final decree.

The ruling of the court yesterday was supplemental to an opinion last April in which the court held that the company, in requiring railroads using its personal service to lease or purchase cars made by Pullman Standard, was in violation of the Sherman Anti-Trust laws.

WALL STREET JOURNAL, MONDAY, JANUARY 24, 1944

# Court Directs Pullman To Give Up One of Its Operating Subsidiaries

## But Federal Bench Gives Parent Company Right to Choose Which Unit It Will Keep

From THE WALL STREET JOURNAL PHILADELPHIA, Jan. 23 (AP)—The U. S. District court which sustained the Government's anti-trust suit against the Pullman companies last April, Servicing gave a supplemental opinion holding there should be a divorcement of the Pullman Co. and the Pullman-Standard Car Manufacturing Co.

The court granted the request of Pullman Inc., parent company, that it be given the right to decide which of the two subsidiary

companies it would retain.

The court also denied the demand by the Justice Department that Pullman, Inc., be forbidden to purchase any new sleeping cars or equipment except upon a competitive bidding basis.

Pullman, Inc., was given three months in which to decide which of the two subsidiaries it would dispose of and an additional year in which to make the divorcement.

## Statement by Crawford

David A. Crawford, president of Pullman Co., issued the following statement:

"The supplemental opinion filed in the District Court at Philadelphia is not a decree or final judgment but sets forth additional views of the court as to the form the final decree should take.

"Until we have had an opportunity for thorough study and analysis of the effect of the provisions of the final decree, when entered, upon the conduct of our business, we are unable to state what action the Pullman group of companies will take."

Pullman, Inc.—A three-judge federal court, which sustained the Government's anti-trust suit against the Pullman system last April, has turned down a plea by Pullman attorneys that the organization be allowed to remain intact. It ordered divorcement of the relationships between Pullman Co., the sleeping car division, and Pullman-Standard Car Manufacturing Co. The Court gave Pullman, Inc., the parent corporation, the right to choose which of the two it will retain.

NEW YORK WORLD-TELEGRAM  
January 24, 1944

# Pullman Ruling Gives Firm Choice

By the Associated Press  
PHILADELPHIA, Jan. 24.—Pullman, Inc., must decide whether it continues in the manufacturing business or operates a sleeping-car service under a preliminary ruling just made by three U. S. District Court judges.

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Under these contracts, railroad companies wanting Pullman's "personal service"—sleeping and dining car management—are required to use sleeping cars made by the Pullman-Standard Car Manufacturing company.

### First Ruling in April, 1943.

The ruling last April came after 15 months of hearings. Thurman Arnold, presenting the government's case as an assistant attorney general, said during the arguments that the litigation was "part of a whole section of cases which has been set up by the government to break up bottlenecks in transportation."

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Chicago Herald American  
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CHICAGO DAILY NEWS,  
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First Ruling in April, 1943.

The ruling last April came after 15 months of hearings. Thurman Arnold, presenting the government's case as an assistant attorney general, said during the arguments that the litigation was "part of a whole section of cases which has been set up by the government to break up bottlenecks in transportation."

George Wharton Pepper, chief Pullman counsel, maintained that "if the court is going to restrain Pullman by divorcing manufacturing from servicing, it will be striking the first blow in judicial history at the American way of doing business."

Pullman lawyers said today that justice would be satisfied and any violations of the anti-trust laws terminated if Pullman contracts were revised so that other railroad car manufacturing companies might compete in the sleeping car field.

Order Complete Separation.

The court ruled, however, that there must be an absolute separation of the manufacturing from the

servicing branch. At the same time, it decided against the government on two other points, by a 2 to 1 vote.

Judges Albert B. Maris and Herbert F. Goodrich rejected the government demand that Pullman, Inc., be ordered to stay in the servicing business, dispose of the car manufacturing business, and in the future purchase sleeping cars only on a competitive basis.

David A. Crawford president of the Pullman company, said "the supplementary opinion filed by the District court at Philadelphia today, is not a decree or final judgment, but sets forth additional views of the court as to the form the final decree should take. Until we have had opportunity for thoro study and analysis of the effect of the provisions of that final decree when entered upon the conduct of our business, we are unable to state what action the Pullman group of companies will take."



David A. Crawford, Pullman president.

Chicago Herald American  
Jan. 23, 1944

# FAIL TO AGT ON PULLMAN CASE

PHILADELPHIA, Jan. 22.—(AP)

—A three-judge U. S. District Court declined today to modify an opinion holding that the four-company Pullman sleeping car combine is violating the anti-trust laws and must be broken up.

By unanimous vote, the special expediting court rejected a Pullman plea that the inter-company relationship be permitted to continue after the elimination of "exclusive dealing features" in its contracts with railroad companies.

Under these contracts, railroads wanting the Pullman company's "personal service"—sleeping and dining car management—are required to use sleeping cars made by the Pullman-Standard Car Manufacturing Company.

David A. Crawford, president of Pullman, Inc. top company in the group, said the companies' next steps would not be determined until a final decree has been entered dictating what forms the breakup will take.

CHICAGO DAILY NEWS,  
JANUARY 24, 1944.

## PULLMAN STILL MAY DECIDE ON FUTURE COURSE

Philadelphia, Jan. 24.—(AP)—Pullman, Inc., retained the right today to decide whether it continues in the business of manufacturing sleeping cars and other railroad equipment or whether it wishes to operate a sleeping car service following a preliminary ruling made by three U. S. District Court judges that the company must separate the two businesses.

Although the special expediting court ruled there must be an absolute separation of the manufacturing from the servicing branch, it decided for the company on two other points.

Judges Albert B. Maris and Herbert F. Goodrich rejected the government demand that Pullman, Inc., be ordered to stay in the servicing business and dispose of the car manufacturing business. The court also rejected a government proposal that in the future the company purchase sleeping cars only on a competitive basis. Judge John Biggs Jr. dissented.

Pullman-Standard Manufacturing Co., a Pullman subsidiary, manufactures the sleeping cars and other railroad equipment. Pullman Co. is the servicing subsidiary.

The court ruled that Pullman Co. should have at least three months to make the choice of which business it will retain and shall have a year to put the plan into effect.



## Next Problem for Pullman Is Decree Form

Efforts by attorneys for Pullman, Inc. and the department of justice to agree on a form of decree are expected as the next step in the anti-trust litigation in which a three judge federal district court in Philadelphia has ruled Pullman must separate its car manufacturing business from its sleeping car service operations.

The court last Saturday instructed both sides to seek such an agreement, and announced that if they cannot agree it will then enter a final order of its own. The possibility remains that either the company or the government will appeal to the Supreme court after the final decree has been entered, company officials said.

### Earns \$40 Millions in Nine Months.

If Pullman ultimately is required to divorce its manufacturing and service operations, it will mean the separation of businesses which during the first nine months of 1943 had combined gross revenues of more than \$40 million dollars.

The two branches of manufacturing and service have been united since the late George M. Pullman established the business in 1867.

If the separation is finally arranged, the method would remain to be determined, as the court has not expressed its views on this point. In various anti-trust cases, notably Standard Oil Company of New Jersey and American Tobacco company, stocks of constituent companies were distributed pro rata to the common stockholders of the holding corporations.

### Court Gives Company Option.

Pullman, Inc. was given the option to decide which subsidiary should be separated from the parent corporation, and the court indicated no preference between Pullman company, the sleeping car service organization, or Pullman-Standard Car Manufacturing company.

In event of a breakup certain reasons apparently would still exist for maintaining the holding company. Besides the car manufacturing and servicing divisions, Pullman, Inc. also owns all or nearly all the capital stocks of several other companies: Pullman Railroad company, operating an industrial railroad in the Lake Calumet district; Pullman Land association, Harbor City Land company, Pullman Trust and Savings bank, and Pullman-Standard Car Export corporation. Pullman, Inc. also holds 99.88 per cent of the stock of a French manufacturing company, Entreprises Industrielles Charentaises.

## Next Problem for Pullman Is Decree Form

Efforts by attorneys for Pullman, Inc., and the department of justice to agree on a form of decree are expected as the next step in the anti-trust litigation in which a three judge federal District court in Philadelphia has ruled Pullman must separate its car manufacturing business from its sleeping car service operations.

The court last Saturday instructed both sides to seek such an agreement, and announced that if they cannot agree it will then enter a final order of its own. The possibility remains that either the company or the government will appeal to the Supreme court after the final decree has been entered, company officials said.

### Earns 340 Millions in Nine Months.

If Pullman ultimately is required to divorce its manufacturing and service operations, it will mean the separation of businesses which during the first nine months of 1943 had combined gross revenues of more than 340 million dollars.

The two branches of manufacturing and service have been united since the late George M. Pullman established the business in 1867.

If the separation is finally arranged, the method would remain to be determined, as the court has not expressed its views on this point. In various anti-trust cases, notably Standard Oil Company of New Jersey and American Tobacco company, stocks of constituent companies were distributed pro rata to the common stockholders of the holding corporations.

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In event of a breakup certain reasons apparently would still exist for maintaining the holding company. Besides the car manufacturing and servicing divisions, Pullman, Inc. also owns all or nearly all the capital stocks of several other companies: Pullman Railroad company, operating an industrial railroad in the Lake Calumet district; Pullman Land association, Harbor City Land company, Pullman Trust and Savings bank, and Pullman-Standard Car Export corporation. Pullman, Inc. also holds 99.68 per cent of the stock of a French manufacturing company, Entreprises Industrielles Charentaises.

The Plain Dealer  
Cleveland Ohio  
May 26, 1944

### Hard to Follow

A federal district court in Philadelphia recently ordered the Pullman Co. to choose between the operation of sleeping cars and their construction. What the court characterizes as "the sole possession of the field" is held to be contrary to the public interest.

The Pullman decision is interesting from several points of view. While it rests basically on the thesis that the Pullman Co. has a monopoly of the business, the court in its findings of fact declared that at no time did it "engage in predatory practices or take any action to oppress or impede the business of any other sleeping car company."

From this finding the inference is naturally drawn that the Pullman Co. rose to its dominant position in the field by sound business practices, and that the penalty that the court would impose upon it is a penalty for too great efficiency.

It is interesting, and on its face it appears illogical that the court should object to sole possession of the field in the sleeping car business in the face of the fact that a consolidation recently completed with government approval in the telegraph business created sole possession.

It is interesting also and seemingly illogical that the court which found the Associated Press in violation of the Sherman Act specifically pointed out that it had no sole possession of the business of collecting and transmitting news, that in fact, the business was open to competition and that the A. P. was but one of several companies engaging in it.

Thus the administration's antitrust policy is extremely difficult to follow and understand. It suggests that the policy has but one clear objective, to harry and persecute successful business without much regard to the effects of the policy upon the public interest or to the spirit of the laws which prohibit combinations in restraint of trade.

FINDLAY, OHIO  
REPUBLICAN-COURIER  
Cir. D. 13519

MAY 9 - 1944

### PULLMAN FIRMS GET FEDERAL COURT ORDER

PHILADELPHIA, May 8—(AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court Monday to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

NEWARK, Ohio—(AP)—A special three-judge federal court today had ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars. It was a final decree in an anti-trust suit filed by the government against the Pullman interests July 12, 1940.

MAY 9 - 1944

## Pullman Co. Monopoly Is Federal Court Ruling

### Must Give Up Manufacturing Or 'Personal Service' Business.

Philadelphia, May 9—(AP)—A special three-judge federal court today had ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars. It was a final decree in an anti-trust suit filed by the government against the Pullman interests July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing company, or the Pullman Car and Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for separation of the businesses be filed within a year and if the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeal to the supreme court.

CINCINNATI, OHIO  
ENQUIRER

Cir. D. 122472 — 5, 700-701

MAY 9 - 1944

### PULLMAN IS DIRECTED TO SEPARATE BUSINESS

Philadelphia, May 8—(AP)—A special three-judge Federal Court today ordered the Pullman Group to give up either its railroad car manufacturing business or the providing "personal service" on sleeping cars.

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FINDLAY, OHIO  
REPUBLICAN-COURIER  
Cir. D. 13,519

MAY 9 - 1944

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The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

Newark, Ohio — Advocate  
and American Tribune  
Cir. D. 14,258

MAY 9 - 1944

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The decree becomes effective in 60 days unless the Pullman groups appeal to the supreme court.

CINCINNATI, OHIO  
ENQUIRER  
Cir. D. 122,672 — S. 200,750

MAY 9 - 1944

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The main color  
Cleveland Ohio  
May 2, 1944

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REPUBLICAN-COURIER**  
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and American Tribune  
Cir. D. 14,258

MAY 9 - 1944

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The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeal to the supreme court.

**CINCINNATI, OHIO  
ENQUIRER**

Cir. D. 122,672 — S. 200,750

MAY 9 - 1944

### PULLMAN IS DIRECTED TO SEPARATE BUSINESS

Philadelphia, May 8.—(AP)—A special three-judge federal court today ordered the Pullman Group to give up either its railroad car manufacturing business or the providing "personal service" on sleeping cars.

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The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

## Pullman Is Ordered to Divorce Car-Building and Sleeper Units

Special to The New York Times.

PHILADELPHIA, May 8.—In one of the most sweeping anti-trust decrees of recent years, a special three-judge Federal court ordered Pullman, Inc., today to separate "completely and perpetually" its railroad-car building business from its sleeping-car enterprise.

The court, which a year ago upheld the Government's contention that the Pullman companies and thirty-one officers and directors violated the Sherman Anti-Trust Act through the operation of a complete monopoly, in effect gave to Pullman, Inc., the top holding company of the group, a choice of either operating its sleeping cars or its car-manufacturing business, but not both.

The decree, which represents the culmination of a two-and-a-half-year suit by the Government, becomes effective within sixty days unless an appeal is carried to the United States Supreme Court.

At the same time the judges accorded to Pullman, Inc., ninety days in which to make a choice as to future corporate set-up and file a plan for hearings and approval to effectuate the separation of its enterprises.

After approval of the court of any such separation plan, Pullman, Inc., will have one year in which to carry out provisions of the order. If the concern fails to carry out the plan within the year, the court declared it would take the necessary steps to do so.

The final judgment entered by the three judges, John Biggs Jr.,

Albert B. Maris and Herbert F. Goodrich, who were assigned to the case from the Third Circuit Court of Appeals here, directs that Pullman, Inc., divest itself of control over one of its two associated units: Pullman company, which operates the sleeping-car business including personal service, or Pullman-Standard Car Manufacturing Company, which, with its subsidiary Pullman Car and Manufacturing Corporation of Alabama, builds railroad cars.

### Implications in the Decree

The decree opens the way for competitive bidding on new cars that may be acquired by the servicing company and, according to Government attorneys, permits entry into the field of other manufacturers. Among such companies are the Edward G. Budd Manufacturing Company here, builder of lightweight stainless steel railroad

coaches; the Bethlehem Steel Company, the American Car and Foundry Company and the St. Louis Car Company.

In a statement, David A. Crawford, president of Pullman, Inc., declared "we think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

After finding that the defendants had "combined and conspired to monopolize" trade and commerce in violation of Sections 1 and 2 of the Sherman Anti-Trust Act, the court enjoined them from committing such acts as would unreasonably "lessen competition between railroads, and manufacturers or owners of railroad rolling stock," or to create a monopoly in the "furnishing, servicing, manufacturing or selling, of railroad sleeping cars."

Also, at the effective date of the decree, and extending until final divorcement of the sleeping car and manufacturing businesses, the Pullman company may acquire new sleeping cars only on competitive bidding.

In a statement David A. Crawford, president of Pullman, Inc., said:

"The decree entered in the District Court at Philadelphia today is not a consent decree and either party may, as a matter of right, take an appeal from its provisions to the Supreme Court of the United States.

"What action the Pullman group of companies will take cannot be stated until we have had opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Company, which operates the sleeping-car business, and Pullman-Standard Car Manufacturing Company, the associated car-building

company, must be effected. One of these operations must be disposed of and the decree gives Pullman, Inc., the right to make the choice.

"In addition to the direct impact of the decree upon the conduct of the sleeping-car business, there would seem to be involved in this judgment some other matters of considerable public concern and interest.

"For example, we think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job. Of course, we perform the job. Of course, the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibi-

tion in this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

### Company Scored Many "Firsts"

"Pullman's successful development of a sleeping-car business serving the national interest has to a very large extent been made possible by the superior quality and economy of the equipment it has been able to design, construct and use in its service. The first all-steel sleeping car, the first closed vestibule, the first electric lighted train, the first air-conditioning installation, the first lightweight sleeper, and many other passenger-service 'firsts' have been pioneered by Pullman.

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

"The evidence in our case showed—and the court in its findings of fact handed down in April, 1943, so stated—that the Pullman Company 'did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company.'

"The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and 'is desirable in the public interest.'"

# Court Orders Pullman To Dissolve Combine

PHILADELPHIA, May 8 (AP).—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of service on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; The Pullman Co., which furnishes personal service on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

## Given a Year

The court directed that a plan for the separation of the business be filed in a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroads.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

David A. Crawford, president of

## Stocks Mixed

Industrials end rise. Close dull and mixed. Details on Page 21.

Pullman, Inc., immediately declared the decree limits "the fundamental right of a contractor to make for himself the tools into which he puts his money to perform his job."

New York, N. Y.  
PM, MAY 9, 1944

## Pullman Trust Gets Orders to 'Break It Up'

### Federal Court Divorces Manufacture And Service Monopoly

In a "final decree" entered yesterday by a three-judge Federal court in Philadelphia the Pullman companies were ordered to divorce their 40-year monopoly of servicing and manufacturing Pullman railroad cars.

Filed against the companies July 12, 1940, the antitrust suit was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Co. of Alabama.

The court ordered that the Pullman group give up either the manufacturing business or the servicing business, but left the choice up to the group.

### Decision in 90 Days

The decree also directed the companies that their decision must be made within 90 days and that the plan of separation must be filed with the court. Should the plan not be acceptable the court will issue

its own. The decree becomes effective within 60 days unless an appeal is taken to the U. S. Supreme Court.

Under the court's order, the way will be open for other manufacturers to enter the field in open competition in the manufacture of Pullman cars and for new companies to compete for the furnishing service on the sleepers.

At present the manufacturing and the servicing companies have "exclusive right" contracts with railroad companies which provide that railroads must use Pullman service on Pullman-made sleepers. These "exclusive rights" were invalidated by the orders, signed by Judges Albert B. Maris, John Biggs, Jr., and Herbert E. Goodrich.

Under the decree also there may be no interlocking directors among the four companies. The 31 directors and officers of the companies, the court held, were guilty of violating Sections 1 and 2 of the Sherman Anti-Trust Act, but no judgment was entered against them.

### Pullman Defended

Soon after the ruling was issued, David A. Crawford, president of Pullman, Inc., announced that the court's order limits a contractor's "fundamental right" to make the tools which goes into his own business. Said he:

"The court's decision was based on its conclusion that Pullman was an illegal monopoly. But if the prohibition of this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

"It (the court) held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the public interest, we became in a perfectly natural and inevitable way the only sleeping

# Court Orders Pullman To Dissolve Combine

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## Stocks Mixed

Industrials end rise. Close dull and mixed. Details on Page 21.

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PM, MAY 9, 1944

# Pullman Trust Gets Orders to 'Break It Up'

## Federal Court Divorces Manufacture And Service Monopoly

In a "final decree" entered yesterday by a three-judge Federal court in Philadelphia the Pullman companies were ordered to divorce their 40-year monopoly of servicing and manufacturing Pullman railroad cars.

Filed against the companies July 12, 1940, the antitrust suit was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Co. of Alabama.

The court ordered that the Pullman group give up either the manufacturing business or the servicing business, but left the choice up to the group.

### Decision in 90 Days

The decree also directed the companies that their decision must be made within 90 days and that the plan of separation must be filed with the court. Should the plan not be acceptable the court will issue

its own. The decree becomes effective within 60 days unless an appeal is taken to the U. S. Supreme Court.

Under the court's order, the way will be open for other manufacturers to enter the field in open competition in the manufacture of Pullman cars and for new companies to compete for the furnishing service on the sleepers.

At present the manufacturing and the servicing companies have "exclusive right" contracts with railroad companies which provide that railroads must use Pullman service on Pullman-made sleepers. These "exclusive rights" were invalidated by the orders, signed by Judges Albert B. Maris, John Biggs, Jr., and Herbert E. Goodrich.

Under the decree also there may be no interlocking directors among the four companies. The 31 directors and officers of the companies, the court held, were guilty of violating Sections 1 and 2 of the Sherman Anti-Trust Act, but no judgment was entered against them.

### Pullman Defended

Soon after the ruling was issued, David A. Crawford, president of Pullman, Inc., announced that the court's order limits a contractor's "fundamental right" to make the tools which goes into his own business. Said he:

"The court's decision was based on its conclusion that Pullman was an illegal monopoly. But if the prohibition of this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

"(The court) held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the country."



# Pullman Ordered To Quit as Builder Or Give Up Service

Philadelphia, May 8 (AP).—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

## Restricts Officers' Activities.

The suit named Pullman Inc., the Pullman Co., which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corp. of Alabama and 31 officers and directors including Alfred P. Sloan Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree, officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States.

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At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

Mr. Crawford said the court apparently ruled against development of an efficient business in the public interest, although Congress, on the other hand, recently merged the only two telegraph companies in the same interest.

NEW YORK HERALD  
TRIBUNE MAY 9 1944

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U. S. Court Rules Sleeping Car Services Must Be Separated Within a Year

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While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

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Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; The Pullman Co., which furnishes personal service on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

#### Year to Submit Plan.

The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henchworth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

Members of the special court were Judges John B. Biggs Jr., Al-

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David A. Crawford, president of Pullman, Inc., immediately declared the decree limits "the fundamental right of a contractor to make for himself the tools into which he puts his money to perform his job."

"The court's decision was based on its conclusion that Pullman was an illegal monopoly," Crawford said. "But if the prohibition of this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economics and score the technical advances made possible by such activities . . .

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

"The evidence in our case showed that the Pullman Co. did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company." The court recognized the efficiency and

economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and "is desirable in the public interest."

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"It held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the country . . .

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**Needless Anti-Trust Suits**

It seems doubtful if the anti-trust laws have ever been subjected to as narrow an interpretation as that being applied to them currently under the lead of the Department of Justice. The attitude of that department today seems to be that "sole possession of the field" by any concern constitutes prima-facie evidence that the latter is operating in restraint of trade.

This attitude is reflected in the decree just entered in the United States District Court at Philadelphia with respect to the Pullman group of companies. If no appeal is taken from this decree, Pullman, Inc., will have to proceed with plans for separating its sleeping-car business from its business of manufacturing Pullman equipment. Much of the success of Pullman's development of the sleeping-car business has been made possible by the superior quality and economy of the equipment produced by its designers and built by the company. Pullman's shops have pioneered such innovations as the all-steel sleeping car, the closed vestibule, the electric-lighted train and air conditioning. No one suggests that any restraint of trade has been involved. The court itself has said that the Pullman Company "did not at any time engage in predatory practices or take any action to impede the business of any other sleeping-car company." Yet it has entered a decree which, if generalized, will mean that a contractor engaged in a service-business may not in the future make for himself the tools with which to perform that job.

Pullman's chief offense appears to be that in a perfectly natural way it has come into "sole possession" of the field of providing railway luxury equipment service. Individual railroads must draw such equipment from a central pool when and if it is required, frequently for brief periods only. The court has recognized that this arrangement is sound and economical and inures to the public interest. Yet it seems to feel that because Pullman is a more or less natural monopoly there is something pernicious in the fact of its building its own equipment. In arriving at this conclusion it makes no allowance for the fact that Pullman is a regulated monopoly quite as truly as are the railroads themselves.

It is difficult to see what purpose is served by such suits and such decrees as that represented in the Pullman case. That is, unless one regards it as part of public policy to find work to keep the bright young men of the anti-trust division of the Department of Justice occupied.

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Mr. G. A. Kelly  
from Mr. J. P. Leach

New York -- May 11, 1944

New York Times -- May 11, 1944

## Pullman Is Ordered to Divorce Car-Building and Sleeper Units

Special to THE

PHILADELPHIA, May 8—In one of the most sweeping anti-trust decrees of recent years, a special three-judge Federal court ordered Pullman, Inc., today to separate "completely and perpetually" its railroad-car building business from its sleeping-car enterprise.

The court, which a year ago upheld the Government's contention that the Pullman companies and thirty-one officers and directors violated the Sherman Anti-Trust Act through the operation of a complete monopoly, in effect gave to Pullman, Inc., the top holding company of the group, a choice of either operating its sleeping cars or its car-manufacturing business, but not both.

The decree, which represents the culmination of a two-and-a-half-year suit by the Government, becomes effective within sixty days unless an appeal is carried to the United States Supreme Court.

At the same time the judges accorded to Pullman, Inc., ninety days in which to make a choice as to future corporate set-up and file a plan for hearings and approval to effectuate the separation of its enterprises.

After approval of the court of any such separation plan, Pullman, Inc., will have one year in which to carry out provisions of the order. If the concern fails to carry out the plan within the year, the court declared it would take the necessary steps to do so.

The final judgment entered by the three judges, John Biggs Jr., Albert B. Maris and Herbert F. Goodrich, who were assigned to the case from the Third Circuit Court of Appeals here, directs that Pullman, Inc., divest itself of control over one of its two associated units: Pullman Company, which operates the sleeping-car business, including personal service, or Pullman-Standard Car Manufacturing Company, which, with its subsidiary Pullman Car and Manufacturing Corporation of Alabama, builds railroad cars.

### Implications in the Decree

The decree opens the way for competitive bidding on new cars that may be acquired by the servicing company and, according to Government attorneys, permits entry into the field of other manufacturers. Among such companies are the Edward G. Budd Manufacturing Company here, builder of light-weight stainless steel railroad coaches; the Bethlehem Steel Company, the American Car and Foundry Company and the St. Louis Car Company.

In a statement, David A. Crawford, president of Pullman, Inc., declared "we think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

After finding that the defendants had "combined and conspired to monopolize" trade and commerce in violation of Sections 1 and 2 of the Sherman Anti-Trust Act, the court enjoined them from committing such acts as would unreasonably "lessen competition between railroads, and manufacturers or owners of railroad rolling stock," or to create a monopoly in the "furnishing, servicing, manufacturing or selling, of railroad sleeping cars."

Also, at the effective date of the decree, and extending until final divorcement of the sleeping car and manufacturing businesses, the Pullman company may acquire new sleeping cars only on competitive bidding.

In a statement David A. Crawford, president of Pullman, Inc., said:

"The decree entered in the District Court at Philadelphia today is not a consent decree and either party may, as a matter of right, take an appeal from its provisions to the Supreme Court of the United States."

"What action the Pullman group of companies will take cannot be stated until we have had opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business."

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Company, which operates the sleeping-car business, and Pullman-Standard Car Manufacturing Company, the associated car-building

company, must be effected. One of these operations must be disposed of and the decree gives Pullman, Inc., the right to make the choice.

"In addition to the direct impact of the decree upon the conduct of the sleeping-car business, there would seem to be involved in this judgment some other matters of considerable public concern and interest.

"For example, we think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job. Of course the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition in this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

### Company Scored Many "Firsts"

"Pullman's successful development of a sleeping-car business serving the national interest has to a very large extent been made possible by the superior quality and economy of the equipment it has been able to design, construct and use in its service. The first all-steel sleeping car, the first closed vestibule, the first electric lighted train, the first air-conditioning installation, the first light-weight sleeper, and many other passenger-service 'firsts' have been pioneered by Pullman.

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

"The evidence in our case showed—and the court in its findings of fact handed down in April, 1943, so stated—that the Pullman Company did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company."

"The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and is desirable in the public interest."



Mr. G. A. Kelly  
from Mr. J. P. Leach

New York -- May 11, 1944

New York Times -- May 11, 1944

## Pullman Is Ordered to Divorce Car-Building and Sleeper Units

Special to THE

PHILADELPHIA, May 8—In one of the most sweeping anti-trust decrees of recent years, a special three-judge Federal court ordered Pullman, Inc., today to separate "completely and perpetually" its railroad-car building business from its sleeping-car enterprise.

The court, which a year ago upheld the Government's contention that the Pullman companies and thirty-one officers and directors violated the Sherman Anti-Trust Act through the operation of a complete monopoly, in effect gave to Pullman, Inc., the top holding company of the group, a choice of either operating its sleeping cars or its car-manufacturing business, but not both.

The decree, which represents the culmination of a two-and-a-half-year suit by the Government, becomes effective within sixty days unless an appeal is carried to the United States Supreme Court.

At the same time the judges accorded to Pullman, Inc., ninety days in which to make a choice as to future corporate set-up and file a plan for hearings and approval to effectuate the separation of its enterprises.

After approval of the court of any such separation plan, Pullman, Inc., will have one year in which to carry out provisions of the order. If the concern fails to carry out the plan within the year, the court declared it would take the necessary steps to do so.

The final judgment entered by the three judges, John Biggs Jr., Albert B. Maris and Herbert F. Goodrich, who were assigned to the case from the Third Circuit Court of Appeals here, directs that Pullman, Inc., divest itself of control over one of its two associated units: Pullman Company, which operates the sleeping-car business, including personal service, or Pullman-Standard Car Manufacturing Company, which, with its subsidiary Pullman Car and Manufacturing Corporation of Alabama, builds railroad cars.

### Implications in the Decree

The decree opens the way for competitive bidding on new cars that may be acquired by the servicing company and, according to Government attorneys, permits entry into the field of other manufacturers. Among such companies are the Edward G. Budd Manufacturing Company here, builder of lightweight stainless steel railroad coaches; the Bethlehem Steel Company, the American Car and Foundry Company and the St. Louis Car Company.

In a statement, David A. Crawford, president of Pullman, Inc., declared "we think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

After finding that the defendants had "combined and conspired to monopolize" trade and commerce in violation of Sections 1 and 2 of the Sherman Anti-Trust Act, the court enjoined them from committing such acts as would unreasonably "lessen competition between railroads, and manufacturers or owners of railroad rolling stock," or to create a monopoly in the "furnishing, servicing, manufacturing or selling, of railroad sleeping cars."

Also, at the effective date of the decree, and extending until final divorcement of the sleeping car and manufacturing businesses, the Pullman company may acquire new sleeping cars only on competitive bidding.

In a statement David A. Crawford, president of Pullman, Inc., said:

"The decree entered in the District Court at Philadelphia today is not a consent decree and either party may, as a matter of right, take an appeal from its provisions to the Supreme Court of the United States.

"What action the Pullman group of companies will take cannot be stated until we have had opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Company, which operates the sleeping-car business, and Pullman-Standard Car Manufacturing Company, the associated car-building

company, must be effected. One of these operations must be disposed of and the decree gives Pullman, Inc., the right to make the choice.

"In addition to the direct impact of the decree upon the conduct of the sleeping-car business, there would seem to be involved in this judgment some other matters of considerable public concern and interest.

For example, we think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job. Of course, the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition in this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

### Company Scored Many "Firsts"

"Pullman's successful development of a sleeping-car business serving the national interest has to a very large extent been made possible by the superior quality and economy of the equipment it has been able to design, construct and use in its service. The first all-steel sleeping car, the first closed vestibule, the first electric lighted train, the first air-conditioning installation, the first lightweight sleeper, and many other passenger-service "firsts" have been pioneered by Pullman.

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

"The evidence in our case showed—and the court in its findings of fact handed down in April, 1943, so stated—that the Pullman Company 'did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company.'

"The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and 'is desirable in the public interest.'

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## U. S. Court Orders Pullman to Drop One of 2 Activities

Has Choice of Being Manufacturer or Ending Its Service

By the Associated Press.

PHILADELPHIA, May 8.—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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Under the decree there may be no "interlocking directors" among Pullman, Inc., top-holding corporation, the Pullman Co., which furnishes personal service on cars; the Pullman Standard Manufacturing Co., or the Pullman Car & Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

## Controversy May Go To Supreme Court

Special to the World-Telegram.

PHILADELPHIA, May 8.—David A. Crawford, president of Pullman, Inc., following the decision, issued the following statement:

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to the Supreme Court of the United States. What action the Pullman group of companies will take cannot be stated until we have had opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

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Mr. G. A. Kelly  
from Mr. J. P. Leach

New York - May 15, 1944

Long Island Daily Press -- May 11th, 1944

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*Walter*  
*5/16*

## One Man's Opinion

By WALTER KIERNAN

Well, the Pullman Company has been ordered to stop making cars or operating them.

The new theory of monopoly busting is that you can't bake your cake and eat it too.

Pullman has had a monopoly on sleeping cars and porters named George for as many years as trains have been operating at night.

Pullman gave us the first closed vestibule, the first electric lighted train, the first air-conditioned car and the first 50-cent dusting and shoe wipe-off.

It also gave us a new appreciation of American history and geography in the naming of its cars.



Walter Kiernan

We are indebted to the company for the upper berth in which many a man took his basic training for life in a fox-hole . . . for the lower berth which was leased to people who snored . . . and for the wash-room inhibited at shaving time by male octopuses sticking their shaving brushes in other octopuses' faces with every lurch of the train.

We care not who builds the nation's trains but Pullman must operate the smoker.

Thought for the Day: If it isn't Pullman, it isn't America.

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# U.S. COURT ORDERS DISSOLUTION OF PULLMAN EMPIRE

## Anti-Trust Decree Gives Outside Manufacturers Chance to Compete

The break-up of the Morgan-Mellon dominated Pullman sleeping-car empire was ordered by a special three-man Federal court here today.

Unless yesterday's decree is upset on appeal, outside manufacturers will hereafter have a chance to cut in on the lush profits which have built the Pullman holdings into a \$265,000,000 business in 40 years.

Heretofore, Pullman, Inc., a top holding company, and three subsidiaries have enjoyed exclusive sales and service agreements among themselves and with the railroads, throttling outside competition.

### Ends Long Fight

Yesterday's decree, outlawing the "exclusive" contract features, culminated a 2½-year anti-trust suit brought by the Department of Justice and followed a preliminary order to the same effect handed down last January.

In bringing the suit, in 1941, the Government stated it was a first attack on transportation combines which were preventing the public from enjoying the fruits of modern development.

Among benefits withheld were those of lightweight sleeping cars developed by the E. G. Budd Mfg. Co., of Philadelphia, the Government charged—cars which would make obsolete many Pullman cars, some of which are 20 years or more old, the company admits.

Other car manufacturers which have been unable to enter the sleeping-car field include American Car & Foundry Co., Bethlehem Steel Corp. and St. Louis Car Co.

### Must Drop One Subsidiary

The decree orders Pullman, Inc., to separate itself from all control over one of two chief subsidiaries: The Pullman Co., which furnishes service—including porters, towels, sheets—on the cars, or the Pullman-Standard Mfg. Co., which, with its subsidiary, Pullman Car & Mfg. Corp. of Alabama, manufacture the cars.

Pullman, Inc., has 90 days in which to decide which subsidiary to drop. Then it has a year in which to devise a plan for executing the corporate divorce.

The court warned that if Pullman's plan isn't satisfactory, it will devise one itself.

Meanwhile, it set specifications for the separation which sought to ban any of the standard legal devices by which trust dissolutions have been circumvented in the past.

Among these are the interlocking directorate, interlocking stock ownership, use of trustees, proxies, fictitious holdings, and a number of other devices which have made business news headlines for half a century or more.

### Chance to Competitors

In addition, the court order specifically ruled the Pullman Co. must give Pullman-Standard's competitors an equal chance to bid on car purchases and must accept lowest responsible bids, ruled invalid any Pullman contract with a railroad requiring purchase only of Pullman-built cars, and ordered the Pullman Co. to accord equal service to roads not holding contracts with Pullman-Standard.

Thirty-one officers and directors of the firm, including David A. Crawford, president of Pullman; Col. R. K. Mellon, chief of the State Selective Service and president of Mellon National Bank, of Pittsburgh; and George Whitney, J. P. Morgan partner, escaped judgment.

The special court, comprising Judges John Biggs, Jr., Albert E. Maria and Herbert F. Goodrich, expressed satisfaction the Government's aims have been achieved without the judgments.

Crawford announced in January that Pullman will appeal the decision to the United States Supreme Court.

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Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

Clipping from Birmingham  
News, Monday, May 8, 1944.

## Pullman Must Cease Its 'Personal Service' Or Stop Making Cars

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# Railroads to Discuss Operation of Pullman Sleeping Car Unit as Court Orders Split-Up

## Group Gets Choice of Keeping Car Production or "Personal Service" Enterprise

FROM THE WALL STREET JOURNAL PHILA. BUREAU

PHILADELPHIA—A special three-judge federal court yesterday ordered Pullman Inc. to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

This was the final decree issued in an antitrust suit filed by the Government against Pullman in 1940.

The decree, which becomes effective in 60 days, was also entered against the Pullman Co., the servicing unit, and the car manufacturing units, Pullman-Standard Car Manufacturing Co. and Pullman Car Manufacturing Corp. of Alabama. If an appeal is taken to the Supreme Court, its effective date is the day after the mandate is handed down.

The decree prohibits "interlocking directors" among the Pullman companies, and forbids officers or directors of any one company to hold securities in any other. The Court also directed that, after the effective date of the decree, the Pullman Co. must buy its equipment in open competition. This gives other car manufacturing companies the right to enter the field and furnish sleeping cars to railroads. The Court also directs Pullman Co. to furnish service to railroads which do not now have contracts with it and to furnish cars so far as they are available from the "pool" it maintains to meet the heavy demands of peak periods.

In its order for the separation of the two businesses, Pullman Inc. was given 90 days after the decree becomes effective to file an election with the Court of which business it will retain and at the same time submit a plan for the separation. If the plan is approved, Pullman will have one year to carry it out; otherwise the Court will draft its own plan.

### Provisions of the Decree

Among the provisions of the decree were the following clauses:

Pullman must furnish through-line sleeping car service to any railroad or group of railroads.

All contracts in existence on the effective date of the judgment between the servicing company and the manufacturing company for new cars are null and void except those on which construction has been started or on which the manufacturing company has made commitments for the purchase of materials for building or furnishing.

Any contract agreements or understandings existing on the date of judgment under which Standard is to build new cars for railroads for use in any train in which Pullman is operating sleeping cars is subject to cancellation on 60 days' notice except those on which construction has actually begun.

Pullman must sell to any railroad with which it has an operating contract used sleeping cars on terms which the Court will fix in the decree for the plan of separation. The railroad must, however, exercise the option within six months of the expiration of its service contract.

Any contract or agreement between Pullman and any railroad in force during the

one-year period after the effective date of judgment and ending one year after the war, may be canceled by the railroad at any time after six months' notice and the cancellation relieves the railroad of its obligation to buy the new lightweight cars furnished by Pullman at the request of the railroad.

The Court made the unusual provision that the company must allow the Attorney General to inspect all its records, interview officers, directors and employes and must submit in writing any reasonable information sought by him.

### Statement by Crawford

David A. Crawford, president of Pullman Inc., in a statement following the court decision pointed out that an appeal can be taken "as a matter of right" to the United States Supreme Court. He gave no definite indication as to whether Pullman would appeal the decision.

What action the Pullman group of companies will take, he said, "cannot be stated" until a thorough study of the provisions has been made.

The court's judgment, Mr. Crawford continued, has far-reaching import to public and private interest, inasmuch as it seemed to "place limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

Mr. Crawford asserted the Pullman Co. had built itself up to "sole possession of the field" by a program of economies and technical improvements that inured to the public interest. The Federal Court's judgment against Pullman on the basis it was in sole possession of the field, he added, seemed contrary to the recent action of Congress in allowing the merger of "the only two remaining telegraph companies, leaving one in sole possession of the field."

## Court Orders Breakup of Pullman Firm

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Chicago Daily News  
May 8, 1944

## Split Up Firm, Pullman Ordered by Federal Court

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Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on cars; the Pullman-Standard Car Manufacturing Co., or the Pullman Car and Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judge said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has

an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

### PULLMAN HEADS WITHHOLD COMMENT PENDING STUDY

George A. Kelly, vice-president of Pullman, said none of the firm's officers had had opportunity to see the decree and that they would withhold comment until they had examined it. Whatever course is taken, he said, "will involve a tremendous amount of study."

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The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs Jr., Albert Maris and Herbert F. Goodrich.

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# Pullman's Car Monopoly Broken Up by U.S. Court

## Final Decree Orders Company to Give Up Completely Either Manufacturing or Servicing

Philadelphia, May 8.—(UP)—The Pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the last 40 years was ordered dissolved today in a "final decree" by a three-judge federal court.

The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to divorce its manufacturing and servicing business completely. The decree becomes effective in 60 days unless the Pullman group takes an appeal.

### Chief Provisions Told.

Principal provisions of the decree are:

That Pullman give up either the car manufacturing business or the railroad Pullman servicing business; the decision on which business is to be retained must be made within 90 days; the company must give up all interests in the one it relinquishes; there must be no interlocking directors; the company must file a plan for the separation within one year; if the plan of separation is not acceptable, the court will issue its own plans.

### Other Concerns May Compete.

The decree, issued against Pullman, Inc., Pullman Co., Pullman-Standard Manufacturing Co. and Pullman Car and Manufacturing Co. of Alabama, clears the way for other manufacturers to enter the field in open competition for the manufacture of railroad sleeping cars and for the organization of new companies to compete with Pullman for furnishing service on the seepers.

Signed by Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich, the decree ruled out further "exclusive right" contracts between the servicing company and the manufacturing company.

## Company Studies Decree, May Appeal

David A. Crawford, president of Pullman, Inc., yesterday said the Philadelphia district court decree ordering the disassociation of the Pullman group of companies be studied thoroughly before an appeal would be taken.

"The decree entered is not a consent decree and either party may, as a matter of right, take appeal from its provisions to the Supreme Court," he stated.

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Co., which operates the sleeping car business, and Pullman-Standard Car Mfg. Co., the associated car-building company, must be effected.

# Pullman Trust Decree Orders Split in 90 Days

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Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

### Restricted on Securities

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines. Otherwise the railroads would have to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

### Competitive Car Buying

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 90 days unless the Pullman groups appeals to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert F. Goodrich.

## Pullman View Stated

Asserting that the court decree yesterday involved "matters of considerable public concern and interest," David A. Crawford, president of Pullman Inc., said:

"We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job. Of course, this decision was based on his conclusion that Pullman was an illegal monopoly, but if the prohibition in this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted to its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities."

### Sole Possession Issue

Mr. Crawford declared that the whole question of when "the sole possession of the field" is or is not in the public interest is involved. He said that the court had recognized the efficiency and economy of the company's operation, and had found no predatory practices.

"Held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which insured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the country—in sole possession of the field," he said.

### Congress Telegraph Policy

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the public interest legislation merging the only two remaining telegraph companies, leaving one in sole possession of the field."

Mr. Crawford noted that the court decree was not a consent decree, and that either party might appeal to the Supreme Court. He said the action of the Pullman group cannot be stated until further study.

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He pointed out, however, that under the decree, if finally sustained, a separation must be effected between the Pullman Company, which operates the sleeping car business, and Pullman-Standard Car Manufacturing Company, the associated car building company. One must be disposed of, he said, and the decree gives Pullman, Inc. the right to make the choice.

Mr. Crawford outlined the part

that the associated companies had played in the war effort, both in carrying passengers and in the manufacture of railway equipment and armaments.

"Naturally we shall continue doing our best to carry out these important and vital wartime assignments, but it does seem inappropriate at this time to enforce—with no real advantage to the traveling public, to the railroads served, or to the military procurement agencies—disruption of organizations that are performing so effectively for the war effort," he said.

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### Sole Possession Issue

Mr. Crawford declared that the whole question of when "the sole possession of the field" is or is not in the public interest is involved. He said that the court had recognized the efficiency and economy of the company's operation, and had found no predatory practices.

"It held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the country—in sole possession of the field," he said.

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that the associated companies had played in the war effort, both in carrying passengers and in the manufacture of railway equipment and armaments.

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Tuesday, May 9, 1914

## Pullman Co. Ordered by Court To Divide Work as a Monopoly

Philadelphia, May 8 (AP).—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's 4-year-old antitrust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc.,

the Pullman company which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corp. of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said:

"Of course, the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition of this decree is extended in a broad way, it would seem to follow that no service institution—that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities . . .

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

"The evidence in our case showed—and the court in its finding of fact handed down in April 1913, so stated—that the Pullman Company 'did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company.' The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and 'is desirable in the public interest.'

"It held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest.' We became in a perfectly natural and inevitable way the only sleeping car company in the country. . .

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in 'sole possession of the field.'"

TIMES-HERALD

WASHINGTON, D. C.

MAY 9, 1914

## Pullman Ordered to Disband Its Sleeping Car Monopoly

PHILADELPHIA, May 8.—In a final decree, a three-judge Federal expediting court today ordered the Pullman interests to disband the monopoly have held for 40 years in the manufacturing and servicing of sleeping cars.

The tribunal, composed of three U. S. Circuit Court of Appeal judges, directed the Pullman interests to give up entirely either the Pullman car manufacturing business or the servicing of the sleeping cars. The ruling becomes final within 60 days unless appealed to the Supreme Court.

The court also directed the company must make its decision within 90 days and the plan of separation must be filed with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

### Pullman Considers Appeal on Ruling

CHICAGO, May 8 (C.T.P.S.). Directors of Pullman, Inc., con-

sidered their next legal step in protracted litigation with the Government today after a special three-judge Federal court in Philadelphia decided the company must give up either its sleeping car or manufacturing divisions.

David A. Crawford, president, said a definite decision to appeal to the United States Supreme Court would not be made until the company had opportunity to study the decree's effect on the company's vast operations.

Crawford termed the decree a penalty against Pullman efficiency in car manufacture and operation, and said the Government was inconsistent in its stand, since special legislation had been enacted permitting the two principal telegraph companies to merge.

He said Pullman's record in handling war traffic had demonstrated the advisability of operations under the present corporate structure.

Investor's Reader  
New York, N.Y.  
May 24, 1944

**MANUFACTURING**  
**Pullman's Dilemma**

**A**MERICA'S genial supplier of extra towels for the family linen closet—The Pullman Co.—has 74 more days to decide between a Supreme Court appeal or eventually slicing up its 86-year-old business. Three Philadelphia circuit judges last fortnight decreed that Pullman violates the Sherman Anti-trust Act, hence must divorce either its famed sleeping car business or its lesser-known rail equipment division (Pullman-Standard Car Manufacturing Co.). No longer can Pullman make cars and operate them too. The company's recourse: an appeal to the U. S. Supreme Court; but to date the company has not said whether or not it would appeal.

Not since founder George M. Pullman displayed his first sleeping car (the 16-wheeled, \$20,000 "Pioneer") in 1865 has the Pullman business been in such a stew. Ignored at first, Pullman's idea mushroomed into a national institution after his lush-carpeted, walnut-

finished "Pioneer" was used in President Lincoln's funeral train. Since then, the word *pullman* has become as American as *jeep*, is carried as a common noun in most dictionaries. Pullman has introduced such travel comforts as the first dining car (1887), the first electrically-lighted train (1908), the first air-conditioning installation (1929) and last but not least that usually genial, white-jacketed public servant known to everyone as George.

**Legal Angles.** But all this is little help to Pullman in its current dilemma. Nub of the Government's case is that the company is the only manufacturer of snooze equipment for U. S. railroads, hence is a monopoly. Furthermore, its 7,000 sleeping cars are about the only ones on U. S. railroads, obvious proof that Pullman has killed competition. In a hot denial, top Pullmanite David A. Crawford replied: "Pullman has no power over the railroads; it is simply a concessionaire doing business on railroad property. \* \* \* [The contracts] need not be renewed by any railroad that wants to perform its own sleeping car service."

When, as and if Pullman is forced to break up, it faces a tough decision. By any normal standards, either division of Pullman is a good, sound business. The set up:

**Operating.** Because of troop movements and a civilian rush to

sleeping car contracts in effect only about 15 support themselves \* \* \* The return on Pullman's sleeping car business never exceeded 7½% in the '20s and was less than 1% in 1938 to 1942."

**Manufacturing.** Pullman-Standard operates big plants in six U. S. cities, is the largest railroad car manufacturer in the world. Besides this it makes wheels, forgings, and streamlined trains (not to mention Pullman cars). Came the war, most plants began roaring away on tanks, trench mortars, shells, small ships, and even aircraft assemblies. Result: last year's total sales reached \$274,000,000 v \$189,000,000 in 1942 and only \$30,000,000 in 1939. Like most heavy industries, there

travel anywhere and everywhere, the Pullman Co. this year expects passenger miles to hit 28 billion, a new record. This will push sleeping car gross above last year's \$152,000,000 and far above the 1939-43 average of \$90,000,000. Net profits from sleeping car operation may not rise as much, but in the five years ended 1943, this division showed an average annual operating profit (before depreciation) of \$18,000,000.

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MAY 9, 1944

# U. S. Judges Tell Pullman To Split Up

## Firm Must Give Up Either Servicing Or Car-Making

In a sweeping decision on an antitrust suit filed by the Government nearly four years ago, a three-judge Federal Court yesterday ordered the Pullman company to abolish either its railroad-car manufacturing or its furnishing of "personal service" on sleeping cars.

The decree, which supports the Government's contention that the several Pullman companies hold a 100 percent monopoly on both the making and servicing of sleepers, also cleared the way for other manufacturers to enter the field of open competition in the making of such cars and for the organization of new companies to compete with Pullman for furnishing service on the sleepers.

### 4 COMPANIES AFFECTED

Signed by Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich, the decree was issued against Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on the cars; the Pullman-Standard Manufacturing Co. and the Pullman Car and Manufacturing Corp. of Alabama.

Principal provisions of the order, which becomes effective in 60 days unless an appeal is taken to the Supreme Court, are:

Abolish either the car-making business or the servicing business, giving a decision on which is to be retained within 90 days; relinquish all interests in whichever business is abolished; dissolve all interlocking directorships, and file a "plan of separation" within a year.

### WARNING ON CONTROL

If the plan is not acceptable, the court itself will make a proposal, the judges said.

In addition, the defendants were ordered to submit a list of all persons, firms or corporation which would acquire the business to be disposed of, and were warned that no attempt, direct or indirect, must be made to retain any sort of control over the divested business.

### 40-YEAR MONOPOLY

The decree also nullified all "exclusive right" contracts between the Pullman manufacturing groups and the serving unit on the one hand and the servicing company and railroads on the other, under which Pullman has held a complete monopoly for the past 40 years.

The court ruled that the servicing company can henceforth acquire new cars only through open competition, and it must furnish specifications and give the work to the lowest responsible bidder.

### ORDERS FOR OTHER FIRMS

This was seen as clearing the way for orders to such firms as the Edward G. Budd Co., Bethlehem Steel, American Car Foundry Co. and the St. Louis Car Co.

David A. Crawford, president of Pullman, Inc., who with some of the country's best-known industrialists and financiers had been named in the Government's suit, said in commenting on the decree:

"We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job.

### DECISION CRITICIZED

"Of course, the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition of this decree

is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and secure the technical advances made possible by such activities."

### WILL STUDY DECREE

Mr. Crawford, who was the only one of the defendants, including the late J. Pierpont Morgan, Alfred P. Sloan, Harold S. Vanderbilt and Richard K. Mellon, to testify at the trial, which started Nov. 3, 1941—the suit was first filed July 12, 1940—added:

"What action the Pullman group of companies will take cannot be stated until we have had the opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business."

### 'INAPPROPRIATE TIME'

Mr. Crawford declared, however, that "it does seem inappropriate at this time to enforce . . . disruption of organizations that are performing so effectively for the war effort." He also pointed out that Congress, "moving in precisely the opposite direction" to the decree, recently merged the two large U. S. telegraph companies, leaving one in "sole possession of the field."

To effectuate the decree, the court authorized the Attorney General's office to have "reasonable access" to Pullman records, and be allowed to interview any officer, director, agent or employee.

TUESDAY, MAY 9, 1944.

# Pullman President Studies Appeal of Limitation Order

By the Associated Press.

PHILADELPHIA, May 9.—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal court yesterday to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's 4-year-old antitrust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Co., which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corp. of Alabama and 31 officers and directors, including Alfred P. Sloan, Jr.; Harold S. Vanderbilt and Richard K. Mellon. Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr.; Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Mr. Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the "public interest," we became, in a perfectly natural and inevitable way, the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted the "public interest," legislation merging the only two remaining telegraph companies, leaving one in "sole possession of the field."

THE DOW JONES HOURLY NEWS DIGEST

BULLETIN NUMBER SIX

2 30 P M MAY 8

IN ADVERTISEMENTS IN CHICAGO NEWSPAPERS MONTGOMERY WARD & COMPANY URGED EMPLOYEES TO VOTE IN THE ELECTION TOMORROW WHICH WILL DECIDE WHETHER THEY WILL BE REPRESENTED BY LOCAL 20 OF UNITED MAIL ORDER WHOLESALE AND RETAIL EMPLOYEES UNION C-I-O

- - -

THE HOUSE COMPLETED ACTION TODAY ON LEGISLATION CLEARING THE WAY FOR RETURN TO PRIVATE OWNERSHIP OF ALL GREAT LAKES VESSELS AND ALL OTHERS OF ONE THOUSAND GROSS TONS OR LESS - THE BILL NOW GOES TO THE WHITE HOUSE

- - -

WASHINGTON STATE REPUBLICAN CONVENTION DELEGATES TODAY UNANIMOUSLY APPROVED GOVERNOR THOMAS E DEWEY OF NEW YORK FOR THE PARTY'S PRESIDENTIAL NOMINEE BUT THE 16 DELEGATES TO THE CHICAGO NATIONAL CONVENTION WERE LEFT OFFICIALLY UNINSTRUCTED

- - -

CARRIER-BORNE PLANES OF THE ROYAL NAVY POUNCED ON TWO GERMAN CONVOYS OFF NORWAY SATURDAY SINKING ONE AND POSSIBLY TWO SUPPLY SHIPS AND DAMAGING THREE OTHER VESSELS THE ADMIRALTY ANNOUNCED WHILE FRENCH CREWS IN AN ENGLISH CHANNEL BATTLE EARLY TODAY PROBABLY SANK TWO OTHER NAZI SHIPS

- - -

BOOTH FISHERIES CORPORATION HAS BEEN BRINGING FISH FROM FAR NORTHERN CANADIAN LAKES TO THE UNITED STATES MARKETS A DOW JONES DISPATCH FROM CHICAGO REVEALS - FISHING PARTIES ARE FLOWN IN IN THE SUMMER FISH THROUGH THE ICE IN WINTER AND SHIP BY TRACTOR AND SLEIGH TO THE NEAREST RAILROAD WHICH IN ONE CASE IS OVER TWO HUNDRED MILES AWAY - THE FISH ARE HIGH QUALITY AND BRING PRICES WHICH JUSTIFY

THE FOUR DOLLARS A HUNDRED POUNDS IT COSTS TO  
HAUL THEM BY TRACTOR - BOOTH HAD TOTAL SALES  
FOR THE FISCAL YEAR JUST ENDED OF OVER  
24 MILLION DOLLARS COMPARED WITH NINETEEN AND  
A HALF MILLION IN THE PREVIOUS YEAR - MUCH OF  
THE INCREASE CAME FROM SALES OF FROZEN FRUITS  
AND VEGETABLES WHICH HAVE INCREASED 100  
PER CENT EACH YEAR SINCE 1939

2 30 PM  
MAY 5

LITTLE HOPE WAS HELD OUT FOR ENDING SUGAR  
RATIONING OR FOR ANY MAJOR INCREASES IN SUGAR  
ALLOTMENTS DURING 1944 - STOCKS OF SUGAR ON  
HAND APRIL 1 WERE ONLY 1 256 366 TONS 30  
PER CENT LESS THAN A YEAR EARLIER AND THE  
LOWEST FOR A SIMILAR DATE IN MANY YEARS THE  
WAR FOOD ADMINISTRATION SAID

THE SUPREME COURT AGREED TO REVIEW THE  
DECISION OF A THREE-JUDGE NEW YORK SPECIAL  
FEDERAL COURT IN THE GOVERNMENT-S ANTI-TRUST  
SUIT AGAINST THE ASSOCIATED PRESS

A GUTENBERG BIBLE ONE OF TEN COMPLETE COPIES  
KNOWN TO BE IN THE UNITED STATES AND PROBABLY  
WORTH MORE THAN ONE HUNDRED THOUSAND DOLLARS  
WAS PRESENTED TO HARVARD COLLEGE BY GEORGE D  
WIDENER OF PHILADELPHIA

A SPECIAL THREE JUDGE FEDERAL COURT IN  
PHILADELPHIA HAS JUST ORDERED THE COMPANIES  
OF THE PULLMAN GROUP TO GIVE UP EITHER THEIR  
RAILROAD CAR MANUFACTURING BUSINESS OR THE  
FURNISHING OF SLEEPING CAR SERVICE - THE  
DECREE ALSO FORBADE ANY INTERLOCKING  
DIRECTORATE FOR PULLMAN INCORPORATED THE TOP  
HOLDING COMPANY AND THE PULLMAN COMPANY PULLMAN  
STANDARD MANUFACTURING COMPANY AND PULLMAN  
CAR & MANUF CTURING COMPANY OF ALABAMA -  
PULLMAN WAS GIVEN NINETY DAYS TO CHOOSE WHICH  
BUSINESS IT WISHED TO RETAIN

END OF BULLETIN NUMBER SIX

NEXT REGULAR DOW JONES HOURLY DIGEST AT 3 30 P M

PRESIDENT DAVID A CRAWFORD OF PULLMAN INCORPORATED SAID IN PHILADELPHIA THAT THE COMPANY-S COURSE FOLLOWING AN ANTI-TRUST DECISION ORDERING IT TO DIVEST ITSELF OF EITHER ITS CAR BUILDING OR CAR OPERATING DIVISIONS WOULD AWAIT FURTHER STUDY OF THE DECREE - HE POINTED OUT THAT IT WAS NOT A -CONSENT- DECREE AND LEFT BOTH THE COMPANY AND THE GOVERNMENT FREE TO APPEAL TO THE SUPREME COURT

RED ARMY FORCES HAVE BREACHED THE MAIN GERMAN DEFENSES AROUND THE BELEAGUERED CRIMEAN NAVAL BASE OF SEVASTOPOL A SOVIET COMMUNIQUE ANNOUNCED

THE COMMUNIQUE SAID THE ASSAULT ON THE HEAVILY FORTIFIED ENEMY POSITIONS STARTED SUNDAY AND -IN TWO DAYS OF BITTER FIGHTING OUR TROOPS HAVE BROKEN ENEMY RESISTANCE-

ATTACKING UNDER A FURIOUS AERIAL AND ARTILLERY BOMBARDMENT RUSSIAN GROUND TROOPS LUNGED MORE THAN THREE MILES THROUGH THE GERMAN FORTIFICATION RING AND CAPTURED A DOMINANT HEIGHT IN THE OUTSKIRTS OF THE CITY THE COMMUNIQUE SAID

SOVIET WARSHIPS AND PLANES PATROLLING THE BLACK SEA ESCAPE ROUTES TO PREVENT A NAZI -DUNKERQUE- FROM SEVASTOPOL ATTACKED AN AXIS CONVOY AND SANK FOUR TRANSPORTS TOTALING TEN THOUSAND TONS - A GERMAN PATROL BOAT AND SEVEN BARGES ALSO WERE SUNK AND A NUMBER OF OTHER SHIPS WERE DAMAGED

ALLIED BOMBERS AND FIGHTERS SHOT DOWN 119 GERMAN PLANES IN TODAY-S HUGE ATTACK ON BERLIN AND BRUNSWICK - - SIXTY BY THE HEAVYWEIGHTS AND 59 BY THE FIGHTERS - UNITED STATES HEADQUARTERS IN LONDON SAID 36 OF OUR

BOMBERS AND 13 FIGHTERS WERE MISSING - THE 49  
AMERICAN PLANES MISSING REPRESENTED A LOSS OF  
ABOUT TWO AND ONE-HALF PER CENT OF THE FORCE  
IN ACTION OVER GERMANY

4 30 PM.  
MAY 8

- - -  
NEGOTIATIONS HAVE BEEN COMPLETED FOR A  
30 MILLION DOLLAR VICTORY-TERMINATION REVOLVING  
CREDIT TO CONTINENTAL MOTORS CORPORATION  
BY A GROUP OF EIGHTEEN BANKS HEADED BY  
NATIONAL BANK OF DETROIT - CONTINENTAL PLANTS  
IN DETROIT MUSKEGON AND DALLAS ARE ALMOST  
ONE HUNDRED PER CENT ENGAGED IN WAR WORK

- - -  
END OF EIGHTH AND FINAL BULLETIN FOR MAY 8

- V -

*Associated Press  
Wire Story*

D107PX

PHILADELPHIA---THIRD ADD PULLMAN XXX HERBERT F. GOODRICH.

*Assoc Press  
wire story*

DAVID A. CRAWFORD, PRESIDENT OF PULLMAN, INC., IN A STATEMENT TO THE PRESS, SAID:

"WE THINK THIS DECREE INVOLVES A LIMITATION ON THE FUNDAMENTAL RIGHT OF A CONTRACTOR TO MAKE FOR HIMSELF THE TOOLS INTO WHICH HE PUTS HIS OWN MONEY TO PERFORM HIS JOB.

"OF COURSE, THE COURT'S DECISION WAS BASED ON ITS CONCLUSION THAT PULLMAN WAS AN ILLEGAL MONOPOLY, BUT IF THE PROHIBITION OF THIS DECREE IS EXTENDED IN A BROAD WAY, IT WOULD SEEM TO FOLLOW THAT NO SERVICE INSTITUTION THAT HAS BEEN ABLE TO GROW INTO GENERAL ACCEPTANCE IN ITS FIELD BY MAKING FOR ITSELF THE TOOLS BEST ADAPTED FOR ITS TRADE, WILL HEREAFTER BE PERMITTED TO OBTAIN THE ECONOMIES AND SCORE THE TECHNICAL ADVANCES MADE POSSIBLE BY SUCH ACTIVITIES...

"THERE IS ALSO INVOLVED HERE THE WHOLE BROAD QUESTION OF WHEN, IN THE LANGUAGE OF THE COURT OPINION, 'THE SOLE POSSESSION OF THE FIELD' IS OR IS NOT IN THE PUBLIC INTEREST.

"THE EVIDENCE IN OUR CASE SHOWED--AND THE COURT IN ITS FINDING OF FACT HANDED DOWN IN APRIL 1943, SO STATED--THAT THE PULLMAN COMPANY 'DID NOT AT ANY TIME ENGAGE IN PREDATORY PRACTICES NOR TAKE ANY ACTION TO OPPRESS OR IMPEDE THE BUSINESS OF ANY OTHER SLEEPING CAR COMPANY.' THE COURT RECOGNIZED THE EFFICIENCY AND ECONOMY OF OUR OPERATION, IN HOLDING THAT EACH RAILROAD MUST, AS A PRACTICALLY DESIRABLE SERVICE FEATURE, HAVE ACCESS TO A POOL OF SLEEPING CARS SUCH AS PULLMAN OPERATES BECAUSE SUCH A POOL IS ECONOMICALLY ADVANTAGEOUS TO THE RAILROADS AND 'IS DESIRABLE IN THE PUBLIC INTEREST.'

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*Associated Press  
Wire Story*

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"YET THE CONGRESS OF THE UNITED STATES, MOVING IN PRECISELY THE OPPOSITE DIRECTION TO THAT TAKEN IN THE COURT OPINION, RECENTLY ENACTED, IN THE 'PUBLIC INTEREST,' LEGISLATION MERGING THE ONLY TWO REMAINING TELEGRAPH COMPANIES, LEAVING ONE IN 'SOLE POSSESSION OF THE FIELD.'"

CZ406PEW

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Circ. (15,899)

This Clipping From  
IRON AGE  
NEW YORK, N. Y.

MAY 11 1944

## Divorce Enterprises, Pullman Ordered

### Philadelphia

• • • In a decision by the District Court at Philadelphia, a three-judge Federal panel ordered Pullman, Inc., to separate "completely and perpetu-

ally" its railroad car building business from its sleeping car enterprise. The Court upheld the government's contention that the Pullman companies and its 31 officers and directors violated the Sherman Anti-Trust Act through the operation of a complete monopoly, and gave Pullman, Inc., the top holding company, the choice of operating either its sleeping cars or its car manufacturing business but not both.

This decision follows a 2½ year suit by the government and becomes effective within 60 days unless an appeal is carried to the United States Supreme Court, an action that is almost a certainty. At the same time, Pullman, Inc., was given 90 days to make a choice as to future corporate standing and file a plan for hearings and approval to effectuate the separation of its business. After such an approval by the court, Pullman, Inc., will be given one year in which to carry out the separation of its enterprises and to abide by the provisions of the order.

The court order directs that Pullman, Inc., divest itself of control over one of its two associated units, the Pullman Co., which operates the sleeping car business; or Pullman-Standard Car Mfg. Co., which, with its subsidiary, Pullman Car and Mfg. Corp. of Alabama, builds railroad cars.

KEENE, N. H.  
SENTINEL  
Cir. D. 4,388  
MAY 8 - 1944  
**PULLMAN DECISION**

Philadelphia, May 8. (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other. Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

TOLEDO, O.  
TIMES  
Cir. D. 28,456 — S. 85,304

MAY 9 - 1944

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Unless an appeal is taken the decree will be effective in 60 days.

CLEVELAND, O.  
PRESS  
Cir. D. 227,908

MAY 9 - 1944

## Pullman Studies Separation Order

CHICAGO, May 8. (U.P.)—David A. Crawford, president of Pullman Inc., is uncertain at this time what action the Pullman group will take following a court decree ordering separation of the company's railroad car manufacturing and service businesses.

The decree entered in the District Court at Philadelphia today is not a consent decree and either party may . . . take an appeal from its provisions to the Supreme Court of the United States," Crawford said late yesterday.

"What action the Pullman group of companies will take cannot be stated until we have an opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business," he asserted.

Crawford's formal statement added that "under this decree, if finally sustained, a separation between the Pullman company, which operates the sleeping car business, and Pullman-Standard Car Manufacturing—two associated car-building companies, must be effected. One of these operations must be disposed of and the decree gives Pullman Inc. the right to make the choice.

"Pullman Inc. may through a subsidiary either operate sleeping cars or it may manufacture them, but not do both. For example, should it elect to continue the sleeping car operation it could no longer be the maker of the cars—the tools used in rendering to its railroad customers the service it contracts to deliver. Should Pullman Inc. elect to continue through its car manufacturing subsidiary the building of sleeping cars, it could not operate them."

Crawford also disclosed the company's belief that the decree "involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job.

"Pullman's successful development of a sleeping car business serving the national interest has to a very large extent been made possible by the superior quality and economy of the equipment it has been able to design, construct and use in its service," Crawford emphasized.

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27

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## Divorce Enterprises, Pullman Ordered

### Philadelphia

• • • In a decision by the District Court at Philadelphia, a three-judge Federal panel ordered Pullman, Inc. to separate "completely and perpetu-

ally" its railroad car building business from its sleeping car enterprise. The court upheld the government's contention that the Pullman companies and its 31 officers and directors violated the Sherman Anti-Trust Act through the operation of a complete monopoly, and gave Pullman, Inc., the top holding company, the choice of operating either its sleeping cars or its car manufacturing business but not both.

This decision follows a 2½ year suit by the government and becomes effective within 60 days unless an appeal is carried to the United States Supreme Court, an action that is almost a certainty. At the same time, Pullman, Inc., was given 90 days to make a choice as to future corporate standing and file a plan for hearings and approval to effectuate the separation of its business. After such an approval by the court, Pullman, Inc., will be given one year in which to carry out the separation of its enterprises and to abide by the provisions of the order.

The court order directs that Pullman, Inc., divest itself of control over one of its two associated units, the Pullman Co., which operates the sleeping car business; or Pullman-Standard Car Mfg. Co., which, with its subsidiary, Pullman Car and Mfg. Corp. of Alabama, builds railroad cars.

KEENE, N. H.  
SENTINEL  
Cir. D. 4,388  
MAY 8 - 1944

## PULLMAN DECISION

Philadelphia, May 8. (P)—A special three-judge federal court today ordered the pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars. The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other. Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

TOLEDO, O.  
TIMES

Circ. D. 28,456 — S. 65,304

MAY 9 - 1944

## Pullman Loses Antitrust Suit

PHILADELPHIA, May 8 (P)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car & Manufacturing Corp. of Alabama. Unless an appeal is taken the decree will be effective in 60 days.

CLEVELAND, O.  
PRESS  
Cir. D. 227,908

MAY 9 - 1944

## Pullman Studies Separation Order

CHICAGO, May 9. (U.P.)—David A. Crawford, president of Pullman Inc., is uncertain at this time what action the Pullman group will take following a court decree ordering separation of the company's railroad car manufacturing and service businesses.

The decree entered in the District Court at Philadelphia today is not a consent decree and either party may . . . take an appeal from its provisions to the Supreme Court of the United States," Crawford said late yesterday.

"What action the Pullman group of companies will take cannot be stated until we have an opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business," he asserted.

Crawford's formal statement added that "under this decree, if finally sustained, a separation between the Pullman company, which operates the sleeping car business, and Pullman-Standard Car Manufacturing Co., the associated car-building company, must be effected. One of these operations must be disposed of and the decree gives Pullman Inc. the right to make the choice.

"Pullman Inc. may through a subsidiary either operate sleeping cars or it may manufacture them, but not do both. For example, should it elect to continue the sleeping car operation it could no longer be the maker of the cars—the tools used in rendering to its railroad customers the service it contracts to deliver. Should Pullman Inc. elect to continue through its car manufacturing subsidiary the building of sleeping cars, it could not operate them."

Crawford also disclosed the company's belief that the decree "involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job.

"Pullman's successful development of a sleeping car business serving the national interest has to a very large extent been made possible by the superior quality and economy of the equipment it has been able to design, construct and use in its service," Crawford emphasized.

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Sheffield, Ala.  
Tri-Cities Daily  
Cir. D. 4,360

MAY 8 - 1944

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The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

BIRMINGHAM, ALA.  
PAGE-HERALD  
Cir. S. 128,145

MAY 9 - 1944

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GADSDEN, ALA.  
TIMES  
Cir. D. 8,810 — S. 8,810

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TUSCALOOSA, ALA.  
NEWS  
Cir. D. 7,388 — S. 7,388

MAY 9 - 1944

### Pullman Co. Ordered To Separate Interests

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Pullman was given 90 days to decide which branch of the business it will retain.

BIRMINGHAM, ALA.  
NEWS  
Cir. D. 99,490

MAY 8 - 1944

### Pullman Must Cease Its 'Personal Service' Or Stop Making Cars

Court Orders Decision;  
'Interlocking Directors'  
Ruled Out Under Decree

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The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

ANNISTON, ALA.  
STAR  
Cir. D. 6,870 — S. 6,957

MAY 8 - 1944

### Pullman Must Give Up Building Or Car Service

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NEWS-AGE-HERALD  
Cir. S. 128,145

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Cir. D. 7,388 — S. 7,388

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NEWS  
Cir. D. 99,490

MAY 8 - 1944

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STAR  
Cir. D. 6,870 — S. 6,957

MAY 8 - 1944

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MOBILE, ALA.  
REGISTER  
CH. D. 21-433

MAY 9 1944

## Pullman Ordered By Court To End 40-Year Monopoly

### Four Firms Must Give Up Railway Car Building Or Other Services

PHILADELPHIA — (UP) — The Pullman group of companies was ordered to compete for a 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered Monday by a three-judge expediting court.

The decree was issued in the government's antitrust suit filed against the four Pullman companies July 12, 1940. It ordered the companies to divorce their manufacturing and servicing businesses.

The court ruled that the Pullman group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. The decree becomes effective within 90 days unless an appeal is taken to the U. S. Supreme Court.

#### Up To Company

The court also directed that the company must make its decision within 90 days, and the plan of separation must be filed with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car & Manufacturing Co. of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

#### Hits "Exclusive Right"

The decree, signed by Judges Albert B. Maris, John Biggs, Jr., and Herbert F. Goodrich, ruled out the "exclusive right" contracts between the servicing company and the railroads.

The court held that the servicing company can acquire new cars only through open competition, and must furnish its specifications and give the work to the lowest responsible bidder.

Although the court held that the 31 officers and directors of the four companies were guilty with the corporations of violating Sections 1 and 2 of the Sherman act, it did not enter judgment against them. The court held the result sought by the Justice Department would be attained in the decree entered against the corporations.

## COURT ORDERS SPLIT IN FIRM

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NORWICH, CONN.  
BULLETIN  
CH. D. 16,342

MAY 9 - 1944

### COURT DECISION IN PULLMAN CASE

PHILADELPHIA, May 8—(AP)—The Pullman companies held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

WALL STREET JOURNAL  
PACIFIC COAST EDITION  
415 Bush St., San Francisco, Calif.

MAY 10 1944

## A. A. R. to Consider Pullman Problem; Cooperation Hinted

NEW YORK—The Association of American Railroads plans to hold meetings soon to consider the whole problem raised by the court decree that Pullman, Inc. confine its operations to either sleeping car or manufacturing business.

Sentiment leans toward the possibility that the company's sleeping car subsidiary, Pullman Co., would be taken over jointly by the railroads and operated along cooperative lines of the Railway Express Agency.

Because A. A. R. has so many non-passenger-carrying members, it is doubted the association would go into business for the railroads or play a part other than to assemble views of members and coordinate their efforts at finding a substitute for Pullman Co.

Meanwhile, a definite program is not likely to be made known by Pullman, Inc., until its attorneys and directors decide on whether to take an appeal to the Supreme Court, it was indicated.

Here are several factors which would suggest the company might decide to remain in the manufacturing business and dispose of its travel operations:

Competition expected from other forms of transportation after the war.

Average pre-war low return on the company's investment in sleeping car subsidiary, and the fact that Pullman, Inc., in its proposal for a decree asked option to sell either its sleeping car subsidiary or Pullman-Standard Car Manufacturing Co. rather than abide by the Justice Department's insistence that it sell Pullman-Standard.

Total investment in the manufacturing business has grown considerably in recent years, although net depreciated value of \$66,395,907 for carrier properties as of the close of 1943 compared with a net depreciated value of \$31,474,336 for the manufacturing properties.

One previous much-discussed way of separating its business—formation of a separate company and distribution of the latter's shares to present stockholders—apparently has been eliminated by the court's decree.

MOBILE, ALA.  
REGISTER  
Cir. D. 21,433

MAY 9 - 1944

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The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co. and Pullman Car & Manufacturing Co. of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

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Although the court held that the 31 officers and directors of the four companies were guilty with the corporations of violating Sections 1 and 2 of the Sherman act, it did not enter judgment against them. The court held the result sought by the Justice Department would be attained in the decree entered against the corporations.

DECATUR, ALA.  
DAILY  
Cir. D. 7,112

MAY 8 - 1944

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BULLETIN  
Cir. D. 16,342

MAY 9 - 1944

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MAY 10 1944

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DECATUR, ALA.  
DAILY  
Cir. D. 7,112

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BRIDGEPORT, CONN.  
TELEGRAM  
Cir. D. 13,909

MAY 9 - 1944

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David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

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WILLIMANTIC, CONN.  
CHRONICLE  
Cir. D. 3,250

MAY 11 1944

## One Man's Opinion

By Walter Kiernan  
Well the Pullman Company has been ordered to stop making cars or operating them.

The new theory of monopoly busting is that you can't bake your cake and eat it too.

Pullman has had a monopoly on sleeping cars and porters named George for as many years as trains have been operating at night.

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We care not who builds the nation's trains but Pullman must operate the smoker.

Thought for the day:—If it isn't Pullman, it isn't America.

(Released by Associated Newspapers, Inc.)

WATERBURY, CONN.  
REPUBLICAN  
Cir. D. 15,878 S. 22,516

MAY 9 - 1944

## Court Orders Pullman Group To Split Up

Philadelphia, May 8—(AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

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BRIDGEPORT, CONN.  
TELEGRAM  
Cir. D. 13,909

MAY 9 - 1944

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NEW HAVEN, CONN.  
REGISTER  
Cir. D. 69,619 — S. 69,619

MAY 9 - 1944

## Pullman Company Must Give Up Illegal Monopoly

PHILADELPHIA, May 8 (AP)—The Pullman companies held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other

Given 90 Days

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

HARTFORD, CONN.  
COURANT  
Cir. D. 43,062 — S. 71,650

MAY 9 - 1944

## Pullman Firm Given Choice Of Business

### Court Orders Companies to Give Up Either Car Manufacturing or Service on 'Sleepers'

Philadelphia, May 8.—(AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Company, or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

Must File Plan Within Year.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive right" contracts with railroad companies under which

railroads desiring Pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacture new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John E. Riggs, Jr., Albert Maris and Herbert F. Goodrich.

Crawford Protests Action.  
David A. Crawford, president of Pullman, Inc., in a statement to the press, said:

"We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

"Of course the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition of this decree is extended in a broad way, it would seem to follow that no service situation that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest."

"The evidence in our case showed, and the court in its finding of fact handed down in April, 1943, so stated, that the Pullman company had not at any time engaged in predatory practices nor take any action to oppress or impede the business of any other sleeping car company. The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and is desirable in the public interest."

"It held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which injured to the 'public interest.' We became, in a perfectly natural and inevitable way the only sleeping car company in the country."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only remaining sleeping car companies leaving one in 'sole possession of the field.'"

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## NEW HAVEN, CONN. REGISTER

Cir. D. 69,619 — S. 69,619

MAY 9 - 1944

# Pullman Company Must Give Up Illegal Monopoly

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### Given 90 Days

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

## Pullman Firm Given Choice Of Business

### Court Orders Companies to Give Up Either Car Manufacturing or Serv- ice on 'Sleepers'

Philadelphia, May 8.—(AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Company, or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

### Must File Plan Within Year

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive rights" contracts with railroad companies under which

railroads desiring Pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturing new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Rissas, Jr., Albert Mars and Herbert F. Goodrich.

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David A. Crawford, president of Pullman, Inc., in a statement to the press said:

"We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

"Of course, the court decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition of this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general acceptance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities."

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This Clipping From  
TORONTO, CANADA  
GLOBE & MAIL

MAY 9 - 1944  
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MUST BREAK UP**

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Under the decree there may be no "interlocking directors." Among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Company, the Pullman Car and Manufacturing Corporation of Alabama.

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ALBANY, GA.  
HERALD  
Cir. D. 7,090 — S. 7,048

MAY 8 - 1944  
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Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

ATLANTA, GA.  
CONSTITUTION  
Cir. D. 122,021 — S. 132,689

MAY 9 - 1944  
**Pullman Group  
Told To Cease  
'Interlocking'**

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**SECURITIES RULING**

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

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At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines. Otherwise the railroads must provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

**NO EXCLUSIVE CONTRACT**

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman group appeals to the supreme court.

Members of the special court were Judges John B. Biggs Jr., Albert Maris and Herbert F. Goodrich.

ELBERTON, GA. STAR  
MAY 9, 1944

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Philadelphia, May 9.—A special three-judge federal court Monday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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INDIANAPOLIS, IND. STAR  
MAY 8, 1944

**Court Puts Limit  
On Pullman Firms**

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Under the decree, officers and directors of any one Pullman company are prohibited from holding securities in any other and from serving on the boards of any other.



Circ. (D 164,279)

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GLOBE & MAIL

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MAY 9, 1944

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Under the decree, officers and directors of any one Pullman company are prohibited from holding securities in any other and from serving on the boards of any other.

SPRINGFIELD, MASS.  
REPUBLICAN  
Cir. D. 14,504

MAY 9 - 1944

## PULLMAN ACCUSED OF A 'MONOPOLY' IN SLEEPING CAR FIELD

### U. S. Court Orders Companies to Give Up Either Making or Servicing of Railroad Equipment

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The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

#### Companies May Appeal

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman company which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing company, the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors, including Alfred F. Sloan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Marks and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted in the 'public interest' legislation merging the only two remaining telegraph companies, leaving one in 'sole possession of the field.'"

NORTHAMPTON, MASS.  
HAMPSHIRE GAZETTE  
Cir. D. 8,932

MAY 9 - 1944

## Pullman Group Is Ordered to Decide Business Activity

Philadelphia, May 9.—AP—A special three-judge federal court yesterday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court decreed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

SPRINGFIELD, MASS.  
MORNING UNION

Cir. D. 78,711

MAY 9 - 1944

## Pullman Told to Cut Its Business

PHILADELPHIA, May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's four-year-old antitrust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The court directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

BANGOR, ME.  
NEWS  
Cir. D. 31,855

MAY 9 - 1944

## Pullman Companies Must Choose

PHILADELPHIA, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred F. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other. The court—Circuit Judges John Biggs, Jr., Albert B. Marks and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in 'sole possession of the field.'"

SPRINGFIELD, MASS.  
REPUBLICAN  
Cir. D. 14,504

MAY 9 - 1944

## PULLMAN ACCUSED OF A 'MONOPOLY' IN SLEEPING CAR FIELD

### U. S. Court Orders Companies to Give Up Either Making or Servicing of Railroad Equipment

Philadelphia, May 8. (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

#### Companies May Appeal

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies will decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman companies which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing company, the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors, including Alfred P. Sloan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—three judges—John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the retention of one business, if the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us as apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which involved the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted in the 'public interest' legislation leaving the only two remaining telegraph companies, leaving one in sole possession of the field."

NORTHAMPTON, MASS.  
HAMPSHIRE GAZETTE  
Cir. D. 8,932

MAY 9 - 1944

## Pullman Group Is Ordered To Decide Business Activity

Philadelphia, May 9. (AP)—A special three-judge federal court yesterday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940. Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama. The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court decreed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

SPRINGFIELD, MASS.  
MORNING UNION  
Cir. D. 78,711

MAY 9 - 1944

## Pullman Told to Cut Its Business

Philadelphia, May 8. (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The court directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

BANGOR, ME.  
NEWS  
Cir. D. 31,855

MAY 9 - 1944

## Pullman Companies Must Choose

Philadelphia, May 8. (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

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The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in sole possession of the field."

AUGUSTA, ME.  
KENNEBEC JOURNAL  
Cir. D. 9,175

MAY 9 - 1944

## Order Pullman Monopoly Broken

Philadelphia, May 8 (AP)—The Pullman Companies held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

BOSTON, MASS.  
RECORD

Circ. D. 329,376

MAY 9 - 1944

## Pullman Must End Monopoly

PHILADELPHIA (AP)—A special three-judge Federal court ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation, the Pullman Co., which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

PORTLAND, ME.  
PRESS-HERALD

Cir. D. 40,513

MAY 9 - 1944

## Court Orders Pullman Firm To Dissolve

### Anti-Trust Suit Began In 1940

Philadelphia, May 8 (AP)—The Pullman companies held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree, officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert M. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States...

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies leaving one in sole possession of the field."

BOSTON, MASS.  
GLOBE (EVENING)

Cir. D. 160,731

MAY 8 - 1944

## Court Orders Pullman Group to Give Up One of Two Businesses

PHILADELPHIA, May 8 (AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Company, or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the Servicing Company and the Manufacturing Company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The Servicing Company "so has an 'exclusive right' contract with the Manufacturing Company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the Servicing Company may acquire new cars only through open competition and not exclusively from its associate. The Servicing Company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeals to the Supreme Court.

MAY 9 - 1944

## Order Pullman Monopoly Broken

Philadelphia, May 8.—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars, the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Melton.

BOSTON, MASS.  
RECORD

Cir. D. 329,376

MAY 9 - 1944

## Pullman Must End Monopoly

PHILADELPHIA (AP)—A special three-judge Federal court ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Co.; or the Pullman Car and Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

MAY 9 - 1944

## Court Orders Pullman Firm To Dissolve

### Anti-Trust Suit Began In 1940

Philadelphia, May 8.—(AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Melton.

Under the decree, officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert M. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which we incurred to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States...

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in sole possession of the field.

MAY 8 - 1944

## Court Orders Pullman Group to Give Up One of Two Businesses

PHILADELPHIA, May 8 (AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Company; or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other. Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the Servicing Company and the Manufacturing Company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The Servicing Company "do not have an 'exclusive right' contract with the Manufacturing Company under which it purchases sleepers only from the manufacturing unit. Henceforth, the court ruled, the Servicing Company may acquire new cars only through open competition and not exclusively from its associate. The Servicing Company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman group appeals to the Supreme Court.

MAY 9 - 1944

## Orders Pullman Divestment

Must Give Up Either Car Manufacturing Or Sleeping Car Operations Under Final Decree Of Three-Judge Federal Court

Philadelphia (AP)—A special three-judge federal court yesterday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation, the Pullman Co.,

### Ruling May Be Appealed To Supreme Court

Philadelphia—Statement issued by David A. Crawford, president of Pullman Inc., in connection with the decree in the anti-trust suit in Philadelphia says in part:

"The decree entered in the district court at Philadelphia is not a consent decree and either party may as a matter of right take an appeal from its provisions to the Supreme Court of the United States. What action the Pullman group of companies will take cannot be stated until we have had an opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Co., which operates the sleeping-car business, and Pullman-Standard Car Manufacturing Co., the associated car-building company, must be effected. One of these operations must be disposed of and the decree gives Pullman Inc. the right to make the choice. Pullman Inc., through a subsidiary, may either operate sleeping cars or it may manufacture them."

which furnishes "personal service" on cars, the Pullman Standard Manufacturing Co. or the Pullman Car & Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any order.

#### Given 90 Days To Decide

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which the railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. Servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

Decree becomes effective in 60 days unless Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert F. Goodrich.

In the event that an appeal is taken to the Supreme Court by the Pullman group, the effective date of the decree is the day after the Supreme Court hands down its mandate.

MAY 8 - 1944

## PULLMAN ORDERED TO SPLIT BUSINESS

### Federal Court Rules for Government in Anti-Trust Suit -- Sleeping Car Service or Manufacturing Is Choice

PHILADELPHIA, May 8 (AP)—A special three-judge Federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car & Mfg. Corp. of Alabama.

(The Pullman-Standard Mfg. Co. has a branch in Greensboro where passenger cars have been manufactured.)

The decree forbids officers or directors of any one Pullman company from holding securities in any order.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert Goodrich.

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MAY 9 - 1944

## Orders Pullman Divestment

Must Give Up Either Car Manufacturing Or Sleeping Car Operations Under Final Decree Of Three-Judge Federal Court

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"The decree entered in the district court at Philadelphia is not a consent decree and either party may as a matter of right take an appeal from its provisions to the Supreme Court of the United States. What action the Pullman group of companies will take cannot be stated until we have had an opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Co., which operates the sleeping-car business, and Pullman-Standard Car Manufacturing Co., the associated car-building company, must be effected. One of these operations must be disposed of and the decree gives Pullman Inc. the right to make the choice. Pullman Inc., through a subsidiary, may either operate sleeping cars or it may manufacture them."

which furnishes "personal service" on cars, the Pullman Standard Manufacturing Co. or the Pullman Car & Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any order.

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Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

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Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. Servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

Decree becomes effective in 60 days unless Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert F. Goodrich.

In the event that an appeal is taken to the Supreme Court by the Pullman group, the effective date of the decree is the day after the Supreme Court hands down its mandate.

MAY 8 - 1944

## PULLMAN ORDERED TO SPLIT BUSINESS

Federal Court Rules for Government in Anti-Trust Suit -- Sleeping Car Service or Manufacturing Is Choice

PHILADELPHIA, May 8 (AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car & Mfg. Corp. of Alabama.

(The Pullman-Standard Mfg. Co. has a branch in Greendale where passenger cars have been manufactured.)

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The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert Goodrich.

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BOSTON, MASS.

POST

Cir. D. 372,471 — S. 263,289

MAY 9 - 1944

## DRASTIC ORDER TO PULLMANS To Give Up Either Build- ing or Servicing Cars

PHILADELPHIA, Pa., May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decrees entered in the government's four-year-old antitrust suit will be effective in 60 days. David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

FREDERICK, MD.

POST

Cir. D. 5,270

MAY 9 - 1944

## ILLEGAL MONOPOLY CHARGE SUSTAINED

Philadelphia, May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

BOSTON, MASS.  
Christian Science Monitor

Cir. D. 119,791

MAY 10 1944

## Court Decrees Split-Up Of Pullman Co.

PHILADELPHIA (AP)—A special three-judge Federal court here ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an antitrust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Co., or the Pullman Car & Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Nevertheless, the court ruled, the

servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeals to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert Goodrich.

SPRINGFIELD, MASS.

REPUBLICAN

Cir. D. 14,504

MAY 9 - 1944

## PULLMAN ACCUSED OF A 'MONOPOLY' IN SLEEPING CAR FIELD

### U. S. Court Orders Companies to Give Up Either Making or Servicing of Railroad Equipment

Philadelphia, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

Companies May Appeal

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping

cars; the Pullman-Standard Car Manufacturing Corporation of Alabama and its directors, including Alfred P. Sloan, Jr., Harold S. Anderson and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert P. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which, inured to the public interest," we "became in a perfectly natural and inevitable way the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the public interest, legislation merging the only two remaining telegraph companies, leaving one in sole possession of the field."



BOSTON, MASS.

POST

Cir. D. 372,471 — S. 263,289

MAY 9 - 1944

## DRASTIC ORDER TO PULLMANS

### To Give Up Either Building or Servicing Cars

PHILADELPHIA, Pa., May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

FREDERICK, MD.

POST

Cir. D. 5,270

MAY 9 - 1944

## ILLEGAL MONOPOLY CHARGE SUSTAINED

Philadelphia, May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's four-year-old antitrust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

BOSTON, MASS.

Christian Science Monitor

Cir. D. 119,791

MAY 10 1944

## Court Decrees Split-Up Of Pullman Co.

PHILADELPHIA (AP)—A special three-judge Federal court here ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an antitrust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co. or the Pullman Car & Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive right" contracts with railroad companies unless with railroads desiring pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Therefore, the court ruled, the

servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeals to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert F. Goodrich.

SPRINGFIELD, MASS.

REPUBLICAN

Circ. D. 14,504

MAY 9 - 1944

## PULLMAN ACCUSED OF A 'MONOPOLY' IN SLEEPING CAR FIELD

### U. S. Court Orders Companies to Give Up Either Making or Servicing of Railroad Equipment

Philadelphia, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old antitrust suit will be effective in 60 days.

Companies May Appeal

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping

~~cars~~; the Pullman-Standard Car Manufacturing Corporation, the Pullman-Standard Manufacturing Corporation of Alabama and 31 officers and directors, including Alfred P. Sloan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against its apparently because of its present economic and practical way of conducting the sleeping car business" was "involvement in the public interest" and inevitable was the only sleeping car company in the United States.

Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted in the "public interest" legislation merging the only two companies of telephone companies, leaving one in "sole possession of the field."

RAGERSTOWN, MD.  
HERALD  
Ch. D. 4612

MAY 9 - 1944

## Pullman Companies Ordered To Decide On One Business

### Concerns Held to Exercise Monopoly of Building and Servicing Sleeping Cars—Opinion Rendered by Court

Philadelphia, May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his

own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal services" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The Court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the Court itself will make a proposal.

Circ. (D 16,061)

This Clipping From  
CAMDEN, N. J.  
POST

MAY 9 - 1944

## PULLMAN MONOPOLY ORDERED DISSOLVED

### Four Companies Told by Court in Phila. to End 40-Year Tieup

The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered yesterday by a three-judge expeditious court in Philadelphia.

The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1940.

The court ruled the Pullman group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. Interlocking directors are barred.

The court also directed the company to make its decision within 90 days and file the plan of separation with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Company of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

The decree, signed by Judges Maris, Biggs and Goodrich, ruled out the "exclusive right" contracts between the servicing company and the railroads.

The court held the servicing company can acquire new cars only through open competition, and must furnish its specifications and give the work to the lowest responsible bidder.

Although the court held the 31 officers and directors of the four companies were guilty with the corporations of violating sections one and two of the Sherman act, it did not enter judgment against them. The court held the result sought by the Justice department would be attained in the decree entered against the corporations.

Circ. (D 31,091)

This Clipping From  
ELIZABETH, N. J.  
JOURNAL

MAY 9 - 1944

## Court Orders Pullman Monopoly Ended

PHILADELPHIA, May 9 (UP)—Four Pullman companies were under Federal Court order today to dissolve their forty-year monopoly by giving up either the manufacturing or the servicing of railroad cars.

The decree, issued yesterday in the Government's anti-trust suit filed July 12, 1940, left the choice up to the companies, but directed that a decision be made within ninety days.

The order, naming Pullman, Inc., Pullman Company, Pullman-Standard Car Manufacturing Company and Pullman Car and Manufacturing Company of Alabama, opened the way for other firms to enter either the manufacturing or the servicing fields.

The ruling, which said the plan of separation must be filed with the court, pointed out that the company must give up all interests in the business it relinquishes. There must be no interlocking directors, it said.

PULLMAN CO. MONOPOLY  
MAY 9, 1944  
THREE-JUDGE FEDERAL COURT  
DECREE ISSUED AGAINST  
PULLMAN GROUP

Philadelphia, May 8 (UP)—The pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 40 years, was ordered dissolved today in a "final decree" by a three-judge Federal Expeditious Court.

The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce its manufacturing and servicing businesses. The decree becomes effective in 90 days unless the Pullman group takes an appeal.

HAGERSTOWN, MD.  
HERALD  
Cir. D. 4,612

MAY 9 - 1944

## Pullman Companies Ordered To Decide On One Business

### Concerns Held to Exercise Monopoly of Building and Servicing Sleeping Cars—Opinion Rendered by Court

Philadelphia, May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his

own money to perform his job." The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other. The Court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the Court itself will make a proposal.

Circ. [D 16,051]

This Clipping From  
CAMDEN, N. J.  
POST

MAY 9 - 1944

## PULLMAN MONOPOLY ORDERED DISSOLVED

### Four Companies Told by Court in Phila. to End 40-Year Tieup

The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered yesterday by a three-judge expediting court in Philadelphia.

The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1940.

The court ruled the Pullman group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. Interlocking directors are barred.

The court also directed the company to make its decision within 90 days and file the plan of separation with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Company of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

The decree, signed by Judges Maris, Biggs and Goodrich, ruled out the "exclusive right" contracts between the servicing company and the railroads.

The court held the servicing company can acquire new cars only through open competition, and must furnish its specifications and give the work to the lowest responsible bidder.

Although the court held the 31 officers and directors of the four companies were guilty with the corporations of violating sections one and two of the Sherman act, it did not enter judgment against them. The court held the result sought by the justice department would be attained in the decree entered against the corporations.

Circ. [D 31,091]

This Clipping From  
ELIZABETH, N. J.  
JOURNAL

MAY 9 - 1944

BALTIMORE, MD. RECORD  
MAY 9, 1944

### THREE-JUDGE FEDERAL COURT DECREE ISSUED AGAINST PULLMAN GROUP

Philadelphia, May 8 (AP)—The pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 40 years, was ordered dissolved today in a "final decree" by a three-judge Federal Expeditionary Court.

The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce its manufacturing and servicing businesses. The decree becomes effective in 60 days unless the Pullman group takes an appeal.

## Court Orders Pullman Monopoly Ended

PHILADELPHIA, May 9 (UP)—Four Pullman companies were under Federal Court order today to dissolve their forty-year monopoly by giving up either the manufacturing or the servicing of railroad cars.

The decree, issued yesterday in the government's anti-trust suit filed July 12, 1940, left the choice up to the companies, but directed that a decision be made within ninety days.

The order, naming Pullman, Inc., Pullman Company, Pullman-Standard Car Manufacturing Company and Pullman Car and Manufacturing Company of Alabama, opened the way for other firms to enter either the manufacturing or the servicing fields.

The ruling, which said the plan of separation must be filed with the court, pointed out that the company must give up all interests in the business it relinquishes. There must be no interlocking directors, it said.

HAGERSTOWN, MD.  
HERALD  
Cir. D. 4.612

MAY 9 - 1944

## Pullman Companies Ordered To Decide On One Business

### Concerns Held to Exercise Monopoly of Building and Servicing Sleeping Cars—Opinion Rendered by Court

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The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his

own money to perform his job." The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other. The Court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the Court itself will make a proposal.

Circ. [D 16,051]

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POST

## PULLMAN MONOPOLY ORDERED DISSOLVED

### Four Companies Told by Court in Phila. to End 40-Year Tieup

The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered yesterday by a three-judge expediting court in Philadelphia.

The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1910.

The court ruled the Pullman group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. Interlocking directors are barred.

The court also directed the company to make its decision within 90 days and file the plan of separation with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Company of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

The decree, signed by Judges Maris, Biggs and Goodrich, ruled out the "exclusive right" contracts between the servicing company and the railroads.

The court held the servicing company can acquire new cars only through open competition, and must furnish its specifications and give the work to the lowest responsible bidder.

Although the court held the 31 officers and directors of the four corporations of violating sections one and two of the Sherman act, it did not enter judgment against them. The court held the result sought by the justice department would be attained in the decree entered against the corporations.

Circ. [D 31,091]

This Clipping From  
ELIZABETH, N. J.  
JOURNAL

BALTIMORE, MD RECORD  
MAY 9, 1944

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Philadelphia, May 8 (UP)—The pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 40 years, was ordered dissolved today in a "final decree" by a three-judge Federal Expediting Court.

The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1910, ordered the companies to completely divorce its manufacturing and servicing businesses. The decree becomes effective in 60 days unless the Pullman group takes an appeal.

## Court Orders Pullman Monopoly Ended

PHILADELPHIA, May 9 (UP)—Four Pullman companies were under Federal Court order today to dissolve their forty-year monopoly by giving up either the manufacturing or the servicing of railroad cars.

The decree, issued yesterday in the government's anti-trust suit filed July 12, 1910, left the choice up to the companies, but directed that a decision be made within ninety days.

The order, naming Pullman, Inc., Pullman Company, Pullman-Standard Car Manufacturing Company and Pullman Car and Manufacturing Company of Alabama, opened the way for other firms to enter either the manufacturing or the servicing fields.

The ruling, which said the plan of separation must be filed with the court, pointed out that the company must give up all interests in the business it relinquishes. There must be no interlocking directors, it said.

MAY 9 - 1944

Seattle (Wn) Times  
May 8, 1944

## Court Orders Split - Up In Pullman Firm

PHILADELPHIA, May 8.—(AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad-car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interest on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top-holding corporation; the Pullman Company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Company, or the Pullman Car & Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal.

The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert F. Goodrich.

Seattle (Wn) Journal of Commerce  
May 9, 1944

## PULLMAN MONOPOLY ORDERED DISSOLVED

PHILADELPHIA, May 8.—(UP) The Pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 10 years, was ordered dissolved today in a "final decree" by a three-judge federal court.

The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce manufacturing and servicing businesses. The decree becomes effective in 60 days, unless the Pullman group makes an appeal.

Principal provisions of the decree are:

That Pullman give up either the car manufacturing business or the railroad Pullman servicing business; the decision on which business is to be retained must be made within 90 days; the company must give up all interests in the one it relinquishes; there must be no interlocking directors; the company must file a plan for the separation within one year; if the plan of separation is not acceptable, the court will issue its own plans.

Seattle (Wn) Post-Intelligencer  
May 9, 1944

## Pullman Units Lose in Court

PHILADELPHIA, May 8.—(AP) —A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

ATLANTIC CITY, N. J.  
WORLD  
Cir. D. 8,538

MAY 9 - 1944

## ● Court Order Dissolves Pullman Car Monopoly

PHILADELPHIA, May 8 (UP)—The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered today by a three-judge expediting court.

The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1940. It ordered the companies to divorce its manufacturing and servicing businesses.

The court ruled that the Pullman

group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. The decree becomes effective within 60 days unless an appeal is taken to the U. S. Supreme Court.

The court also directed the company must make its decision within 90 days and the plan of separation must be filed with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

Circ. (D 604,497) (S 986,093)

This Clipping From  
NEW YORK, N.Y.  
JOURNAL AMERICAN

MAY 14 1944

## ● Highlights Of Week's News

Allies open new offensive in Italy.

Russians recapture Sevastopol. Selective Service orders draft stay for all over 30 engaged in essential work.

James V. Forrestal named Secretary of the Navy to succeed the late Frank Knox.

Montgomery Ward & Co. returned to management after CIO victory in union poll.

Germans training civilians to use arms in repelling invasion.

American capture of Hollandia freed 707 Allied captives.

\$10 million industrial plant planned for lower West Side of N. Y. City.

U. S. tanks lead advance in Burma.

DeValera, beaten on transportation bill, calls for general election.

Republicans win fight to cut debt ceiling by \$20 billions.

Senate votes year's extension of lend-lease by 63-1.

Pullman—Inc. ordered to give up either its car building or sleeping-car business.

Securities and Exchange Commission files suit against Certain-ated Products and officers on refusal to vote proxies at annual meeting.

BUFFALO, N. Y.  
COURIER-EXPRESS

Cir. D. 121,672 — S. 202,510

MAY 9 - 1944

## Pullman Firms Ordered To Break Up Alleged Monopoly

### Three-Judge Court Directs Firm Engage In Either One of Their Two Businesses

Philadelphia, May 8 (UP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corp. of Ala-

bama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the public interest," we became in a perfectly natural and inevitable way the only sleeping car company in the United States. . . .

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in 'sole possession of the field.'"

ATLANTIC CITY, N. J.  
WORLD  
Cir. D. 8,538

MAY 9 - 1944

## ● Court Order Dissolves Pullman Car Monopoly

PHILADELPHIA, May 8 (UP)—The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered today by a three-judge expediting court.

The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1940. It ordered the companies to divorce its manufacturing and servicing businesses.

The court ruled that the Pullman

group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. The decree becomes effective within 60 days unless an appeal is taken to the U. S. Supreme Court.

The court also directed the company must make its decision within 90 days and the plan of separation must be filed with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

Circ. [D 604,497] [S 986,093]

This Clipping From  
NEW YORK, N.Y.  
JOURNAL AMERICAN

## ● Highlights Of Week's News

Allies open new offensive in Italy.

Russians recapture Sevastopol. Selective Service orders draft stay for all over 30 engaged in essential work.

James V. Forrestal named Secretary of the Navy to succeed the late Frank Knox.

Montgomery Ward & Co. returned to management after CIO victory in union poll.

Germans training civilians to use arms in repelling invasion.

American capture of Hollandia freed 707 Allied captives.

\$10 million industrial plant planned for lower West Side of N. Y. City.

U. S. tanks lead advance in Burma.

DeValera, beaten on transportation bill, calls for general election.

Republicans win fight to cut debt ceiling by \$20 billions.

Senate votes year's extension of lend-lease by \$3-1.

Pullman Inc. ordered to give up either its car building or sleeping-car business.

Securities and Exchange Commission files suit against Certain-ty Products and officers on refusal to vote proxies at annual meeting.

BUFFALO, N. Y.  
COURIER-EXPRESS  
Cir. D. 121,672 — S. 202,510

MAY 9 - 1944

## Pullman Firms Ordered To Break Up Alleged Monopoly

### Three-Judge Court Directs Firm Engage In Either One of Their Two Businesses

Philadelphia, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 60 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corp. of Ala-

bama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States. . . .

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in sole possession of the field."

MAY 9 - 1944

## Court Dissolves Pullman Monopoly

Philadelphia, Pa., May 9 (U.P.)—Four Pullman companies were under Federal Court order today to dissolve their 40-year monopoly by giving up either the manufacturing or the servicing of railroad cars.

The decree, issued yesterday in the Government's anti-trust suit filed July 12, 1940, left the choice up to the companies, but directed that a decision be made within 90 days.

The order, naming Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Co. of Alabama, opened the way for other firms to enter either the manufacturing or the servicing fields.

Circ. (D 122,658) (S 213,683)

This Clipping From  
BUFFALO, N.Y.  
COURIER-EXPRESS

MAY 9 - 1944

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Cir. (D 219,907)

This Clipping From  
BUFFALO, N. Y.  
NEWS

MAY 8 - 1944

## COURT SETS LIMIT FOR PULLMAN SPLIT

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Pullman was given 90 days to decide which branch of the business it will retain.

MOREHEAD CITY, N. C.  
TWIN CITY TIMES  
Cir. D. 1,411

MAY 9 - 1944

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TWIN CITY TIMES

Cir. D. 1,411

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v.

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This Clipping From  
ROCHESTER, N.Y.  
DEMOCRAT-CHRONICLE  
MAY 9 - 1944

# RULING VOIDS FOUR PULLMAN FIRMS' TIEUP

## Split Ordered in Car Building, Servicing

Philadelphia—(AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court yesterday to give up one business or the other.

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### Names of Defendants

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Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other. The court—Circuit Judges John Biggs Jr., Albert E. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

### Court Solution Possible

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States. . . .

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This Clipping From  
UTICA, N.Y.  
PRESS

MAY 9 - 1944

# Court Tells Pullman Group To Separate Its Businesses

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The court issued a final decree in an anti-trust suit filed by the government against Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the Judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only

from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeals to the Supreme Court.

REIDSVILLE, N. C.

REVIEW

Cir. D. 4,374

MAY 9 - 1944

## RAIL OFFICIALS STUDY DECISION

Philadelphia, Pa., May 9—(AP)—Officials of four Pullman companies are studying what action they will take on the federal court decree ordering them to give up either the manufacturers or the servicing of railroad cars.

The order, issued in the government's anti-trust suit, leaves it up to the companies to make the choice within 90 days.

David Crawford, Pullman president, points out that the ruling is not a consent decree and either party may make an appeal to the United States Supreme Court.

The order named Pullman, Inc., Pullman Company; Pullman-Standard Car Manufacturing Company; and Pullman Car and Manufacturing Company of Alabama.

The court did not enter judgment against the 31 officers and directors of the companies, although it did hold that they were guilty with the corporations of violating sections of the Sherman Act.

This Clipping From  
ROCHESTER, N.Y.  
DEMOCRAT-CHRONICLE

MAY 3 - 1944  
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FOUR PULLMAN  
FIRMS' TIEUP**

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Car Building,  
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MAY 3 - 1944  
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REVIEW  
Cir. D. 4,374

MAY 4 - 1944  
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MIDDLETOWN, OHIO  
JOURNAL  
Cir. D. 11,620 — S. 11,576

MAY 9 - 1944

## PULLMAN GETS COURT ORDERS TO QUIT WORK

PHILADELPHIA, May 9 (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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The decree becomes effective in 60 days unless the Pullman groups appeal to the Supreme Court.

COLUMBUS, OHIO  
OHIO STATE JOURNAL  
Cir. D. 58,875

MAY 9 - 1944

## Four Allied Companies Required To Halt Either Servicing, Building

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### APPEAL UNDER STUDY

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

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### SEPARATION PLAN ASKED

The court—Circuit Judges John Biggs, jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

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CLEVELAND, O.  
PLAIN DEALER

Circ. D. 227,657 — S. 391,062

MAY 9 - 1944

## Monopoly Ruling Hits at Pullman

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MAY 9 - 1944

## Court Orders Pullman Firms Split Activity

### Service Company Instructed to Divorce Business from Car Builder

(By The Associated Press)

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#### 90 Days to Decide

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain. The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines. Otherwise the railroads must provide their own sleeping cars and service without access to the pool of Pullman sleeping cars. While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

#### Opens Competition

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days unless the Pullman groups appeal to the supreme court.

David A. Crawford, president of Pullman, Inc., in a statement, said: "We think this decree involves a limitation on the fundamental rights of a contractor to make for himself the tools into which he puts his own money to perform his job."

"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

"The evidence in our case showed—and the court in its finding of fact handed down in April, 1943, so stated—that the Pullman Co. did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company."

PULLMAN CO. ANNOUNCES

REORGANIZATION PLAN

FOR THE YEAR 1944

## Pullman Firm Division Ordered

PHILADELPHIA, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court Monday to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

PORTLAND, ORE. (AP)—

May 10, 1944

## Pullman Co. To Retrench

### Court Orders Firm To Divide Branches

PHILADELPHIA, May 8 (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree, there may be no "interlocking directors" among Pullman, Inc., top holding corporation, the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing company, or the Pullman Car & Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies, under which railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company, under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition, and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

The decree becomes effective in 60 days, unless the Pullman groups appeal to the supreme court.

Members of the special court were Judges John E. Biggs Jr., Albert Maris and Herbert F. Goodrich.

YOUNGSTOWN, OHIO  
Vindicator and Telegram  
Cir. D. 67,124 — S. 73,469

MAY 9 - 1944

## Court Orders Pullman Firms Split Activity

### Service Company Instruct- ed to Divorce Business from Car Builder

(By The Associated Press)

Philadelphia, May 9.—A special three-judge federal court Monday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars. The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Co., which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman-Standard Manufacturing Corporation of Alabama.

#### 90 Days to Decide

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain. The court directed that a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines. Otherwise the railroads must provide their own sleeping cars and service without access to the pool of Pullman sleeping cars. While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

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"There is also involved here the whole broad question of when, in the language of the court opinion, 'the sole possession of the field' is or is not in the public interest.

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MAY 11 1944

## Divorce Enterprises, Pullman Ordered

### Philadelphia

• • • In a decision by the District Court at Philadelphia, a three-judge Federal panel ordered Pullman, Inc., to separate "completely and perpetu-

ally" its railroad car building business from its sleeping car enterprise. The court upheld the government's contention that the Pullman companies and its 31 officers and directors violated the Sherman Anti-Trust Act through the operation of a complete monopoly, and gave Pullman, Inc., the top holding company, the choice of operating either its sleeping cars or its car manufacturing business but not both.

This decision follows a 2½ year suit by the government and becomes effective within 60 days unless an appeal is carried to the United States Supreme Court, an action that is almost a certainty. At the same time, Pullman, Inc., was given 90 days to make a choice as to future corporate standing and file a plan for hearings and approval to effectuate the separation of its business. After such an approval by the court, Pullman, Inc., will be given one year in which to carry out the separation of its enterprises and to abide by the provisions of the order.

The court order directs that Pullman, Inc., divest itself of control over one of its two associated units, the Pullman Co., which operates the sleeping car business; or Pullman-Standard Car Mfg. Co., which, with its subsidiary, Pullman Car and Mfg. Corp. of Alabama, builds railroad cars.

PHILADELPHIA, PA.  
INQUIRER  
Cir. D. 415,630 — S. 17035,116

MAY 9 - 1944

Manufacturing Co. and the Pullman Car and Manufacturing Corp. of Alabama.

Principal provisions of the order, which becomes effective in 60 days unless an appeal is taken to the Supreme Court, are:

Abolish either the car-making business or the servicing business, giving a decision on which is to be retained within 90 days; relinquish all interests in whichever business is abolished; dissolve all interlocking directorships, and file a "plan of separation" within a year.

#### WARNING ON CONTROL

If the plan is not acceptable, the court itself will make a proposal, the judges said.

In addition, the defendants were ordered to submit a list of all persons, firms or corporations which would acquire the business to be disposed of, and were warned that no attempt, direct or indirect, must be made to retain any sort of control over the divested business.

#### 40-YEAR MONOPOLY

The decree also nullified all "exclusive right" contracts between the Pullman manufacturing groups and the serving unit on the one hand and the servicing company and railroads on the other, under which Pullman has held a complete monopoly for the past 40 years.

The court ruled that the servicing company can henceforth acquire new cars only through open competition, and it must furnish specifica-

tions and give the work to the lowest responsible bidder.

David A. Crawford, president of Pullman, Inc., who with some of the country's best-known industrialists and financiers had been named in the Government's suit, said in commenting on the decree:

"We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

Mr. Crawford, the only one of the defendants, who included the late J. Pierpont Morgan, Alfred P. Sloan, Harold S. Vanderbilt and Richard K. Mellon, to testify at the trial, which started Nov. 3, 1941—the suit was first filed July 12, 1940—added:

PHILADELPHIA, PA.  
BULLETIN  
Cir. D. 442,626

MAY 9 - 1944

## PULLMAN DECISION AIDS COMPETITORS

### Opens Way for Budd Co., Bethlehem and Others to Build Coaches

The sweeping decision of a special 3-judge Federal Court, ordering Pullman, Inc., either to give up its railroad car building business or its sleeping car service, was described today by David A. Crawford, president of the company, as taking away Pullman's "fundamental rights."

The decision opens the way for competitive bidding on new cars by the Edward G. Budd Manufacturing Co., maker of lightweight stainless steel railroad coaches; the Bethlehem Steel Co., the American Car & Foundry Co., and the St. Louis Car Co.

#### Budd Builds New Type Cars

The Budd company, which provided much of the testimony adduced by the Government in establishing its charges of monopoly, expects to build sleeping cars of a new and lighter type if the field is opened to competitive bidding.

The Budd company built lightweight, coach-sleepers for the Super-chief trains of the Santa Fe Railroad and the Denver Zephyrs of the Burlington line which Pullman, Inc., refused to service. Budd company officials believe that this type of sleeping car already has proved to be more popular than the older design.

Widespread use of sleeper-coaches will bring down the costs of traveling and minimize sleeping car service, since passengers will recline in adjustable chairs instead of resting in compartments or rooms as at present, it was said.

#### 90 Days to Make Choice

Under the formal opinion given yesterday supplementing the court's decision of last January, which represents the climax of a two-and-a-half year suit, Pullman, Inc., has 90 days in which to make its choice, and one year thereafter wherein to formulate and put into effect its new plans.

Should Pullman fail to carry out the court order voluntarily, the judges indicated that the court is ready to take such steps as are necessary.

Crawford did not say whether Pullman will appeal to the U. S. Supreme Court.



MAY 11 1944

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The court order directs that Pullman, Inc., divest itself of control over one of its two associated units, the Pullman Co., which operates the sleeping car business; or Pullman-Standard Car Mfg. Co., which, with its subsidiary, Pullman Car and Mfg. Corp. of Alabama, builds railroad cars.

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David A. Crawford, president of Pullman, Inc., who with some of the country's best-known industrialists and financiers had been named in the Government's suit, said in commenting on the decree:

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Cir. D. 415,630 — S. 17035,116

MAY 9 - 1944

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#### WARNING ON CONTROL

If the plan is not acceptable, the court itself will make a proposal, the judges said.

In addition, the defendants were ordered to submit a list of all persons, firms or corporations which would acquire the business to be disposed of, and were warned that no attempt, direct or indirect, must be made to retain any sort of control over the divested business.

#### 40-YEAR MONOPOLY

The decree also nullified all "exclusive right" contracts between the Pullman manufacturing groups and the servicing unit on the one hand and the servicing company and railroads on the other, under which Pullman has held a complete monopoly for the past 40 years.

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Cir. D. 415,630 — S. 1,035,116

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PHILADELPHIA, PA.

BULLETIN

Circ. D. 462,626

MAY 9 - 1944

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Crawford did not say whether Pullman will appeal to the U. S. Supreme Court.

411

YORK, PA.  
GAZETTE AND DAILY  
Cir. D. 22,281

MAY 9 - 1944

## Pullman Firm Held To Exercise Illegal Monopoly

Special federal court rules sleeping car combine must stop building or servicing. Company has 90 days to decide and a year in which to draw up feasible plan of separation.

Philadelphia, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

The suit named Pullman, Inc., the Pullman company which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing corporation of Alabama and 31 officers and directors including Alfred P. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the board of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which railroads must use Pullman service on Pullman-made sleepers.

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David A. Crawford, president of Pullman, Inc., said the companies would decide whether to appeal after studying the effect of the

TITUSVILLE, PA.  
HERALD  
Cir. D. 5,079

MAY 9 - 1944

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CHAMBERSBURG, PA.  
PUBLIC OPINION

Cir. D. 7,467

MAY 9 - 1944

## PULLMAN ORDERED TO REDUCE ITS HOLDINGS

Directed to Give Up Car Production Or Sleeping Car Service

PHILADELPHIA, May 9 (AP)—A special three-judge federal court yesterday ordered the Pullman group, to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

WARREN, PA.  
TIMES-MIRROR  
Cir. D. 8,026

MAY 8 - 1944

## BULLETINS

(From Page One)  
Philadelphia, May 8 (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

GREENSBURG, PA.  
Westmoreland Democrat  
Cir. W. 5,586

MAY 10 1944

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HARRISBURG, PA.  
PATRIOT  
Cir. D. 15,844

MAY 9 - 1944

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David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

YORK, PA.  
GAZETTE AND DAILY  
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CHAMBERSBURG, PA.  
PUBLIC OPINION

Cir. D. 7,467

MAY 9 - 1944

## PULLMAN ORDERED TO REDUCE ITS HOLDINGS

Directed to Give Up Car Production Or Sleeping Car Service

PHILADELPHIA, May 9 (AP)—A special three-judge federal court yesterday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman Company, which furnishes "personal service" on cars; the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

WARREN, PA.  
TIMES-MIRROR  
Cir. D. 8,026

MAY 8 - 1944

BULLETINS

(From Page One)

Philadelphia, May 8 (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

GREENSBURG, PA.  
Westmoreland Democrat  
Cir. W. 5,686

MAY 10 1944

## PULLMAN ORDERED TO GIVE UP ONE BUSINESS

Philadelphia, May 8. —The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

HARRISBURG, PA.  
PATRIOT  
Cir. D. 15,844

MAY 9 - 1944

## RULE PULLMAN CAN'T BUILD AND SERVICE

Philadelphia, May 8 (AP)—The Pullman Companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal Court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Government's four-year-old anti-trust suit will be effective in 30 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

ALLENTOWN, PA.  
CALL  
Cir. D. 46,754

MAY 9 - 1944

## Pullman, Decried a Trust, Must Separate Business

PHILADELPHIA, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly on building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Co., which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corp. of Alabama and 31 officers and directors including Alfred

P. Sloan Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which insured to the 'public interest,' we became in a perfectly natural and inevitable way the only sleeping car company in the United States. . . ."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the public interest, legislation merging the only two remaining telegraph companies into one in sole possession of the field."

MEADVILLE, PA.  
Tribune-Republican  
Cir. D. 7,769

MAYS - 1944

## Pullman Company Is Given 90 Days To Make Decision

(From The Evening Republican)

PHILADELPHIA, May 8 (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishings of "personal service" on sleeping cars.

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The decree forbids officers or directors of any one Pullman Company from holding securities

in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

TOWANDA, PA.  
REVIEW  
Cir. D. 5,312

MAY 9 - 1944

## PULLMAN HIT AS 'MONOPOLY'

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The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

BUTLER, PA.  
EAGLE  
Cir. D. 13,182

MAY 9 - 1944

## PULLMAN SPLITUP ORDERED BY COURT

PHILADELPHIA, May 8.—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

POTTSTOWN, PA.  
MERCURY  
Cir. D. 13,492

MAY 9 - 1944

## U. S. Court Busts Pullman Sleeping Car Monopolies

PHILADELPHIA, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal court today to give up one business or the other. The group of four companies was given 90 days to decide which business it will retain.

The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing company, the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Richard K. Mellon, State Selective Service director for Pennsylvania.

The court directed that the companies file a plan for the separation within a year.

46

ALLENTOWN, PA.  
CALL  
Cir. D. 46,754

MAY 9 - 1944

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Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs Jr., Albert B. Marks and Herbert P. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of constructing the sleeping car business, which inured to the "public interest," we became in a perfectly natural and inevitable way the only sleeping car company in the United States.

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted in the "public interest," legislation merging the only two remaining telephone companies, leaving one in sole possession of the field."

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BUTLER, PA.  
EAGLE  
Cir. D. 13,182

MAY 9 - 1944

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MEADVILLE, PA.  
Tribune-Republican  
Cir. D. 7,769

MAYS - 1944

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MERCURY  
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MAY 9 - 1944

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The suit named Pullman, Inc., the Pullman company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing company, the Pullman Car and Manufacturing corporation of Alabama and 31 officers and directors including Richard K. Mellon, State Selective Service director for Pennsylvania.

The court directed that the companies file a plan for the separation within a year.

PITTSBURGH, PA.  
PRESS

Circ. D. 223,081 — S. 349,267

MAY 9 - 1944

# Court Orders Dissolution of Pullman Group

## 'Final Decree' Ends Car Monopoly

PHILADELPHIA, May 9 (UP)—The Pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 40 years, was ordered dissolved late yesterday in a "final decree" by a three-judge Federal expeditionary court.

The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce its manufacturing and servicing businesses. The decree becomes effective in 60 days unless the Pullman group takes an appeal.

Principal provisions of the decree are:

That Pullman give up either the car manufacturing business or the railroad pullman servicing business; the decision on which business is to be retained must be made within 90 days; the company must give up all interests in the one it relinquishes; there must be no interlocking directors; the company must file a plan for the separation within one year; if the plan of separation is not acceptable, the court will issue its own plans.

Contracts Ruled Out

The decree, issued against Pullman, Inc., Pullman Co., Pullman-Standard Manufacturing Co., and Pullman Car and Manufacturing Co. of Alabama, clears the way for other manufacturers to enter the field in open competition for the manufacture of railroad sleeping cars and for the organization of new companies to compete with Pullman for furnishing service on the sleepers.

Signed by Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich, the decree ruled out further "exclusive right" contracts between the servicing company and the manufacturing company.

The court, however, permitted the continuance of these contracts wherein the Pullman Co. has already started construction of new cars, or made definite commitments for the purchase of materials or tools, but ruled out any new "exclusive right" contracts.

Merger Banned

The decree provided that Pullman must furnish sleepers and services to railroads which do not have its sleeping service at "reasonable and non-discriminatory rates." It further provided that the Pullman Co.

will not be allowed to merge either its servicing or manufacturing business with any competing firm without first obtaining court approval.

The court ruled that the servicing company can acquire new cars only through open competition and it must furnish specifications and give the work to the lowest, responsible bidder.

Although the court held that the companies' 31 officers and directors were guilty with the corporations in violating sections 1 and 2 of the Sherman Act, it did not enter judgment against them. The court held the result sought by the Justice Department would be attained in the decree entered against the four corporations.

PITTSBURGH, PA.  
PRESS

Circ. D. 223,081 — S. 349,267

MAY 9 - 1944

## Crawford Uncertain Of Company's Action

CHICAGO, May 9 (UP)—David A. Crawford, president of Pullman, Inc., is uncertain at this time what action the Pullman group will take following a court decree ordering separation of the company's railroad car manufacturing and service businesses.

"The decree entered in the district court at Philadelphia today is not a consent decree and either party may take an appeal from its provisions to the Supreme Court of the United States," Mr. Crawford said late yesterday.

"What action the Pullman group of companies will take cannot be stated until we have an opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business," he asserted.

Mr. Crawford's formal statement added that "under this decree, if finally sustained, a separation between the Pullman Co., which operates the sleeping car business, and Pullman-Standard Car Manufacturing Co., the associated car-building company, must be effected. One of these operations must be disposed of and the decree gives Pullman, Inc., the right to make the choice."

ALTOONA, PA.  
TRIBUNE

Cir. D. 8,343

MAY 9 - 1944

# Pullman Must Give Up One Business

PHILADELPHIA, May 8 (UP)—The Pullman companies, held to exercise a monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business of the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

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Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year

**PITTSBURGH, PA.  
PRESS**

Circ. D. 223,081 — S. 349,267

MAY 9 - 1944

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Principal provisions of the decree are:

That Pullman give up either the car manufacturing business or the railroad pullman servicing business; the decision on which business is to be retained must be made within 90 days; the company must give up all interests in the one it relinquishes; there must be no interlocking directors; the company must file a plan for the separation within one year; if the plan of separation is not acceptable, the court will issue its own plans.

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PRESS**

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MAY 9 - 1944

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**ALTOONA, PA.  
TRIBUNE**

Cir. D. 8343

MAY 9 - 1944

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The group of four companies was given 90 days to decide which business it will retain. Unless appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

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The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.



OIL CITY, PA.  
DERRICK  
Cir. D. 10,300

MAY 9 - 1944

## PULLMAN CO. SPLIT ORDERED

### SEC Tells Concern to Dis- voice Building and Serv- icing Interests

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#### Undecided on Appeal

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

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GREENSBURG, PA.  
REVIEW  
Cir. D. 5,401

MAY 9 - 1944

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POTTSVILLE, PA.  
REPUBLICAN  
Cir. D. 14,070

MAY 8 - 1944

### PULLMAN HIT BY ANTI TRUST LAW

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The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

WOONSOCKET, R. I.  
CALL AND REPORTER  
Cir. D. 17,329

MAY 8 - 1944

### 4 Pullman Companies Ordered To Separate

PHILADELPHIA, May 8 (AP) — A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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WASHINGTON, PA.  
OBSERVER

MAY 8 - 1944

### Order Issued In Pullman Case

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NEWPORT, R. I.  
NEWS  
Cir. D. 6,580

MAY 8 - 1944

### PULLMAN COURT ORDER

PHILADELPHIA, May 8 (AP)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

OIL CITY, PA.  
DERRICK  
Cir. D. 10.300

MAY 9 - 1944

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### SEC Tells Concern to Discontinue Building and Servicing Interests

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REVIEW  
Cir. D. 5.401

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MAY 8 - 1944

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PHILADELPHIA, May 8. (P)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc. top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing company, or the Pullman Car and Manufacturing corporation of Alabama.

WASHINGTON, PA.  
OBSERVER

MAY 9 - 1944

### Order Issued In Pullman Case

PHILADELPHIA, May 8.—(AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

NEWPORT, R. I.  
NEWS  
Cir. D. 6.580

MAY 8 - 1944

### PULLMAN COURT ORDER

PHILADELPHIA, May 8. (P)—A special three-judge federal court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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**GREENVILLE, S. C.  
NEWS**

Cir. D. 40,346 — S. 39,696

**MAY 9 - 1944**

Announcement was made today that a special three-judge court in Philadelphia has ordered the Pullman company to give up either its new manufacturing business or its sleeping and drawing room business. It is part of an anti-trust suit filed by the government way back in 1940. The company is given 60 days to decide which one of the two businesses it wants to retain and after that a plan of separation must be filed within a year. It remains to be seen whether this decision will be appealed or not.

Discouraging reports come from Havana about a probable drop in the size of the next year's Cuban sugar crop. Unless adequate supplies of fertilizers are made available as well as irrigation, the crop may drop off as much as 10 to 12 per cent.

**GREENVILLE, S. C.  
NEWS**

Cir. D. 40,346 — S. 39,696

**MAY 9 - 1944**

## Pullman Business Must Be Separated

### Manufacture And Serv- icing To Be Dissolved

The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered today by a three-judge expediting court.

The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1940. It ordered the companies to divorce their manufacturing and servicing businesses.

The court ruled that the Pullman group give up either the manufacturing business or the railroad pullman servicing business, but left the choice up to the group of companies. The decree becomes effective within 60 days unless an appeal is taken to the U. S. Supreme court.

The court also directed that the company must make its decision within 90 days and the plan of separation must be filed with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

**KNOXVILLE, TENN.  
NEWS-SENTINEL**

Cir. D. 56,570 — S. 60,202

**MAY 9 - 1944**

## Pullman Must Halt Making Cars or Running Sleepers

### Federal Court Gives Company Choice of Continuing One of Businesses After Anti-Trust Suit.

By Associated Press

PHILADELPHIA, May 9. — A special three-judge Federal Court has ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the Government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation, the Pullman Co., which furnishes "personal service" on cars, the Pullman Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan

for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judge said.

**CHARLESTON, S. C.  
NEWS AND COURIER**

Cir. D. 25,021 — S. 28,963

**MAY 9 - 1944**

Philadelphia, May 8.—(AP).—The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered today by a three-judge expediting court. The decree was issued in the government's anti-trust suit filed against the four Pullman companies July 12, 1940. It ordered the companies to divorce their manufacturing and servicing businesses. The court ruled that the Pullman group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. The decree becomes effective within 60 days unless an appeal is taken to the U. S. supreme court.

**COLUMBIA, S. C.  
STATE**

Cir. D. 38,721 — S. 39,516

**MAY 9 - 1944**

## Court Decrees Pullman Firm Must Divide

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David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

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NEWS**

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**CHATTAHOOGA, TENN.  
TIMES**

Circ. D. 50,795 — S. 45,241

MAY 10 1944

## PULLMAN CONCERNS ORDERED TO SPLIT

PHILADELPHIA, May 9 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge Federal court yesterday to give up one business or the other.

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The suit named Pullman, Inc.; the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Company; the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors, including Alfred P. Sloan Jr., Harold S. Vanderbilt and Richard K. Mellon.

### Would Separate Boards

Under the decree, officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

Crawford said the court "held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which inured to the "public interest," we became in a perfectly natural and inevitable way the only sleeping car company in the United States."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in a court opinion, recently enacted, in the "public interest," legislation merging the only two remaining telegraph companies, leaving one in "sole possession of the field."

**GREENVILLE, TENN. PULLETT  
MAY 11, 1944**

## PULLMAN MUST HALT MAKING CARS OR RUNNING SLEEPERS

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Pullman was given 90 days to decide which branch of the business it will retain.

**KNOXVILLE, TENN.  
JOURNAL**

Cir. D. 44,400 — S. 38,189

MAY 9 - 1944

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The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

**JACKSON, TENN.  
SUN**

Cir. D. 9,127 — S. 10,278

MAY 9 - 1944

## Government Wins Suit Over Pullman Company In Court

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**MEMPHIS, TENN.  
COMMERCIAL APPEAL**

Cir. D. 120,244 — S. 148,234

MAY 9 - 1944

## Pullman Companies Told To Break Up Monopoly

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TIMES**

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MAY 11, 1944**

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DANVILLE, VA.  
REGISTER

Cir. D. 11,343 — S. 11,893

MAY 9 - 1944

## PULLMAN MUST BREAK MONOPOLY

Group of Four Companies  
Must Give Up One Business or Other

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"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in 'sole possession of the field.'"

ROANOKE, VA.  
TIMES

Cir. D. 31,951 — S. 48,331

MAY 9 - 1944

## PULLMAN ORDERED TO END MONOPOLY

Court Says One or Other  
Business Must Be Dropped

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CLIFTON FORGE, VA.  
REVIEW

Cir. D. 1,570

MAY 9 - 1944

## PULLMAN CO. MUST DISBAND MONOPOLY

Philadelphia, May 9.—In a final decree, a three-judge Federal expediting court yesterday ordered the Pullman interests to disband the monopoly it has held for 40 years in the manufacturing and servicing of sleeping cars.

The tribunal, composed of three U. S. Circuit Court of Appeal Judges, directed the Pullman interests to give up entirely either the Pullman car manufacturing business or the servicing of the sleeping cars. The ruling becomes final within 60 days unless appealed to the Supreme Court.

Last April, the expediting court found the Pullman group was violating the Sherman anti-trust law and in a supplemental ruling last January unanimously ordered the separation.

The decree was directed against Pullman, Inc., the "top" corporation; the Pullman Co., which furnishes "personal service" on sleeping cars, and Pullman Car and Manufacturing Corp. of Alabama, which manufactures the cars.

If not appealed or if upheld by the Supreme Court, the ruling clears the way for other railroad car manufacturers, such as the Edward G. Budd Mfg. Co., Bethlehem Steel, American Car and Foundry Co., St. Louis Car Company and others, to enter the field in open competition with the Pullman companies.

DANVILLE, VA.  
REGISTER

Cir. D. 11,343 — S. 11,893

MAY 9 - 1944

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CLIFTON FORGE, VA.  
REVIEW

Cir. D. 1,570

MAY 9 - 1944

# PULLMAN CO. MUST DISBAND MONOPOLY

Philadelphia, May 9—In a final decree, a three-judge Federal expediting court yesterday ordered the Pullman interests to disband the monopoly it has held for 40 years in the manufacturing and servicing of sleeping cars.

The tribunal, composed of three U. S. Circuit Court of Appeal Judges, directed the Pullman interests to give up entirely either the Pullman car manufacturing business or the servicing of the sleeping cars. The ruling becomes final within 60 days unless appealed to the Supreme Court.

Last April, the expediting court found the Pullman group was violating the Sherman anti-trust law and in a supplemental ruling last January unanimously ordered the separation.

The decree was directed against Pullman, Inc., the "top" corporation; the Pullman Co., which furnishes "personal service" on sleeping cars, and Pullman Car and Manufacturing Corp. of Alabama, which manufactures the cars.

If not appealed or if upheld by the Supreme Court, the ruling clears the way for other railroad car manufacturers, such as the Edward G. Budd Mfg. Co., Bethlehem Steel, American Car and Foundry Co., St. Louis Car Company and others, to enter the field in open competition with the Pullman companies.



NEWPORT NEWS, VA.  
PRESS  
Circ. D. 8,031 — S. 12,589

MAY 9 - 1944

**PULLMAN CO. MUST DIVORCE UNITS**—Philadelphia, May 8.—(AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

BRATTLEBORO, VT.  
REFORMER  
Cir. D. 4,248

MAY 9 - 1944

## ORDERS END OF PULLMAN TRUST

### Federal Court Rules Car Co., Sleeper Service, Must Separate

PHILADELPHIA (AP)—A special three-judge federal court yesterday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of 'personal service' on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

FREDERICKSBURG, VA.  
FREE LANCE-STAR  
Cir. D. 5,384

MAY 8 - 1944

## Pullman Company Ordered By Court To Limit Business

PHILADELPHIA, May 8 (AP)—A special three-judge Federal Court today ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

HUNTINGTON, W. VA.  
HERALD-DISPATCH  
Cir. D. 17,707

MAY 9 - 1944

# Pullman Setup Held Illegal Monopoly

## Three-Judge Federal Court Orders Separation of Companies Engaging In Building and Servicing Railway Sleeping Cars

PHILADELPHIA, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which "business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman Inc., the Pullman company which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corp. of Alabama and 31 officers and directors including Alfred P. Sloan Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other. The court—Circuit Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a proposal.

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BURLINGTON, VT.  
FREE PRESS  
Cir. D. 19,536

MAY 9 - 1944

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Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation, The Pullman Company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

The decree forbids officers or directors of any one Pullman Company from holding securities in any other.

Pullman was given 90 days to decide which branch of the business it will retain.

**NEWPORT NEWS, VA.  
PRESS**

Circ. D. 8,031 — S. 12,589

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**BATTLEBORO, VT.  
REFORMER**

Cir. D. 4,248

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Cir. D. 17,707

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52

LYNCHBURG, VA.

NEWS

Cir. D. 9,602 — S. 11,222

MAY 9 - 1944

## Sleeping Car Concern Loses Court Action

### Pullman Companies Declared Operating Illegal Monopoly

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Circ. [D 90,527] [S 107,099]

This Clipping From  
RICHMOND, VA.  
TIMES DISPATCH

MAY 9 1944

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BRISTOL, VA.  
NEWS-BULLETIN

Cir. D. 2,838

MAY 9 - 1944

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This Clipping From  
ITHACA, N. Y.  
JOURNAL

MAY 24 1944

### Can't Build and Run 'Em Too

Complete separation of the operation of Pullman sleeping and parlor cars from the building of these cars has been ordered by a special three-judge federal court.

Pullman Inc., the holding company, is ordered to divest itself of one function or the other, under a decree issued in an anti-trust suit brought by the government.

Experience has shown and the court recognized that it is advantageous to the railroads, and "desirable in the public interest," to have a pool of sleeping cars upon which to draw.

So one company will continue to operate all or nearly all the sleeping cars. But any connection with car-building is to be ended.

Pullman contended that a service corporation should be allowed to construct its own equipment, if it desires to undertake the job. It claimed the first closed vestibule, the first electric lighted train, the first air-conditioned installation and many other passenger-service "firsts" for its car manufacturing branch.

The government claimed that separation of construction from operation would throw open the sleeping car field to other manufacturers and thereby spur improvement.

Actually, however, the decision appears based on legal theories and statutes which seek to limit the sphere of operation of service corporations. It is akin to the laws and ICC regulations under which the railroads are not allowed to enter the field of air transport. Whether there is any public benefit from such restrictions is open to question.

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## **Pullman Passes Appeal Deadline on Anti-trust Decree**

WASHINGTON, July 7 (Special).—Neither party to the government's anti-trust suit against Pullman, Inc., has filed an appeal with the United States Supreme Court, an inquiry at the court clerk's office disclosed today.

Today was the deadline for taking an appeal from a decree entered by a three-judge federal court in Philadelphia last May ordering the Pullman group to give up either its railroad car-manufacturing business or the furnishing of "personal service" on sleeping cars.

Although government spokesmen had expressed themselves as "not entirely satisfied" with all the provisions of the decree of the lower court, the taking of an appeal by the Pullman interests had been considered more likely than similar action by the government.

It was also learned that an official statement from Pullman probably would be forthcoming over the weekend, a spokesman having stated that "no public statement will be made until we communicate with our stockholders."

Failure to ask consideration of the decree of the Philadelphia court effective as of today. Under its provisions, Pullman has 90 days, or until October 7, to decide which business it will retain, and must file a plan for separation of the companies within a year. If the plan is not acceptable, the court itself will make a proposal.

Under the court's ruling, the servicing company may acquire new cars only through open competition and not exclusively from its affiliate. At the same time, the servicing company was directed to furnish other car manufacturers with specifications for any new cars it wished to acquire.

CHICAGO SUN,  
JULY 8, 1944.

## **Time Limit for Appeal By Pullman, Inc., Lapses**

Pullman, Inc.'s time to appeal from a three-judge Federal Court decree requiring it to divest itself of either its manufacturing or sleeping car business lapsed yesterday without an appeal being filed in the U.S. Supreme Court. In Washington it was said this means the company now must decide within 90 days which unit it will retain. A spokesman for the company said officials may issue a statement on the situation within a few days.

CHICAGO TRIBUNE  
JULY 8, 1944.

## **EXPECT PULLMAN TRUST VERDICT MESSAGE TODAY**

Stockholders of Pullman, Inc., are expected to be notified today of the company's decision whether to appeal a government anti-trust decree or accept a court order to separate the two principal divisions of the business.

Today is the deadline for an appeal to the United States Supreme court from a May 8 decision of a Philadelphia court, based on litigation pending four years. Unless an appeal is filed, the company has 90 days in which to present a detailed plan for separation of its sleeping car and railway equipment manufacturing businesses.

## **Pullman Passes Appeal Deadline on Anti-trust Decree**

WASHINGTON, July 7 (Special).—Neither party to the government's anti-trust suit against Pullman, Inc., has filed an appeal with the United States Supreme Court, an inquiry at the court clerk's office disclosed today.

Today was the deadline for taking an appeal from a decree entered by a three-judge federal court in Philadelphia last May ordering the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

Although government spokesmen had expressed themselves as "not entirely satisfied" with all the provisions of the decree of the lower court, the taking of an appeal by the Pullman interests had been considered more likely than similar action by the government.

It was also learned that an official statement from Pullman probably would be forthcoming over the weekend, a spokesman having stated that "no public statement will be made until we communicate with our stockholders."

Failure to ask consideration of the case by the high court makes the decree of the Philadelphia court effective as of today. Under its provisions, Pullman has 90 days, or until October 7, to decide which business it will retain, and must file a plan for separation of the companies within a year. If the plan is not acceptable, the court itself will make a proposal.

Under the court's ruling, the servicing company may acquire new cars only through open competition and not exclusively from its affiliate. At the same time, the servicing company was directed to furnish other car manufacturers with specifications for any new cars it wished to acquire.

CHICAGO SUN,  
JULY 8, 1944.

## **Time Limit for Appeal By Pullman, Inc., Lapses**

Pullman, Inc.'s time to appeal from a three-judge Federal Court decree requiring it to divest itself of either its manufacturing or sleeping car business lapsed yesterday without an appeal being filed in the U.S. Supreme Court. In Washington it was said this means the company now must decide within 90 days which unit it will retain. A spokesman for the company said officials may issue a statement on the situation within a few days.

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# PULLMAN PLAN TO SPLIT UNITS IS INCOMPLETE

## Method to Conform to Law Studied.

BY PHILIP HAMPSON.

Wide speculation among railroad executives as to the method Pullman, Inc. will use to divorce its sleeping car and car manufacturing operations to comply with the order of the federal district court at Philadelphia was heightened yesterday when Pullman officials said they had made no progress on the preparation of a plan which must be submitted to the court by Oct. 5.

The sleeping car business is operated by Pullman company and the manufacturing by Pullman-Standard Car Manufacturing company, both subsidiaries of Pullman, Inc. One possibility receiving wide discussion is the sale of the sleeping car business, perhaps to a company formed by the railroads, with the parent company retaining the manufacturing business. Railroad officials already have considered the feasibility of such a plan, but have made no progress, it was said.

### Termed Ideal Method.

Chicago railroad executives said the operation of the 7,766 cars in the Pullman fleet by the "neutral" Pullman company has been an ideal arrangement. The fleet has provided a natural car pool which in normal times transmitted cars to areas where they were needed—for example, to the Florida service in winter and to western and northern runs in the summer.

Establishment of a railroad company to operate the fleet would create widespread difficulties because of the difference of interests among the railroads, it was said. Some arrangement would have to be worked out for apportioning the subscriptions to such a company among the class 1 railroads. The subscriptions could be based on average Pullman revenues of the various railroads, it was said.

One apprehension is that some of the larger roads would dominate the proposed company, one railroad executive said. At any rate, there probably would develop radical differences of opinion as to operating and car purchase policies, it was

said. Frequently the western and eastern railroads have been at odds with each other, it was recalled.

### Division Among Areas.

Another possibility would be to divide the fleet among the western, eastern, and southeastern roads for operation by the railroad organizations serving these areas. Another suggestion is the sale of the Pullman cars to the individual railroads. However, both methods would compel the railroads to buy more cars to meet peak traffic demands, leaving cars idle in slack seasons.

It is known that some top railroad executives have not been satisfied with the operation of the Railway Express agency, owned by the railroads, and they would prefer not to get involved in another joint railroad enterprise.

"The railroads have been served well by the Pullman company for many years and it's too bad that this situation had to come up," one railroad executive said. "Any action which impairs the efficiency of the sleeping car pool as now handled by the Pullman company will cause the public to suffer. We would prefer to see the operation of the sleeping cars remain in neutral hands."

### Assets About \$40 a Share.

The latest balance sheet of Pullman, Inc., showed the company's gross investment in its carrier properties was \$261,415,589. After a depreciation reserve of \$155,019,682 the net depreciated value was placed at \$66,395,907. The assets of the car operating division have been estimated at about \$40 per share on the common stock.

The gross investment in manufacturing properties was placed at \$73,290,755, with the net depreciated value \$31,474,336.

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ARIZONA LABOR JOURNAL  
PHOENIX ARIZ.  
6/1/44

## Pullman Empire Is Smashed by Court

A blow which has threatened the Pullman company for many years fell last week, when a three-judge Federal court at Philadelphia directed it to divest its car-building business from its sleeping-car enterprises.

The company was given its choice of the business it elects to follow, but it cannot operate both, the court decreed.

The order is a victory for the Department of Justice, which has contended that the company has been operating in violation of anti-trust laws.

The department has insisted that separation of the functions of the Pullman company is necessary to enable the railroads to meet the sharp competition that will come after the war from the development of cheap airplanes, cheap gasoline, new light metals and other ideas.

The decree opens the way for competitive bidding on new cars needed by the railroads and also

permits entry into the field of other manufacturers.

Officials of the company challenged the ruling as a "limitation on the right of a contractor to make for himself the tools into which he puts his money to perform his job," and indicated it would be appealed to the Supreme Court.

PHOENIX, ARIZ., STAR  
CH. 12, 193, SUP. 12, 203

## COURT RULES IN PULLMAN CASE

### Company Held to Exercise Illegal Monopoly by Federal Jurists

PHILADELPHIA, May 8 (AP)—The Pullman companies, held to exercise an illegal monopoly of building and servicing railway sleeping cars, were ordered by a special three-judge federal court today to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-old anti-trust suit will be effective in 60 days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order, which he said "involves a limitation of the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The suit named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car and Manufacturing Corporation of Alabama and 31 officers and directors including Alfred F. Sloan, Jr., Harold S. Vanderbilt, and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year.

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REDONDO BEACH, CALIF. BOV  
SUNSHINE, CALIF. NEWS  
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S. F. CAL. COMMERCIAL NEWS  
CH. 1, 200  
MAY 15, 1944

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The decree, issued in the Government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce its manufacturing and servicing businesses. The decree becomes effective in 60 days unless the Pullman group makes an appeal.

BRIDGEPORT, CONN.  
BRIDGEPORT LIFE  
Cir. W. 15,334

MAY 14 1944

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Philadelphia Edition from  
Monday, May 8, 1944

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Circ. (D 14,995)

This Clipping From  
WILMINGTON, DEL.  
NEWS

MAY 9 1944

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HAYS AND NEWS

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Under the decree there may be no interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars, the Pullman-Standard Manufacturing Co., or the Pullman Car and Manufacturing Corporation of Alabama.

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Pullman was given 90 days to decide which branch of the business it will retain.

The court directed a plan for the separation of the business be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

58

## Pullman Company Suit

The three-judge federal court at Philadelphia, Pa., by which charges made in the suit brought by the antitrust division of the Department of Justice against the Pullman Company and its affiliates were upheld in a decision in April, 1943, that required the Pullman group to separate its car manufacturing business from its personal service branch, on May 8 handed down its decree to carry that decision into effect (see *Traffic World*, April 24, 1943, p. 981).

The corporate defendants in the suit were: the Pullman Company; Pullman, Inc.; Pullman-Standard Car Manufacturing Co., and Pullman Car & Manufacturing Corporation of Alabama. The court, in its decision in April, 1943, had made several recommendations for carrying out its order requiring separation of the manufacturing and service branches of the business.

The decree of May 8 directed Pullman, Inc., to file with it, "within ninety days after the effective date of this judgment," an election by that defendant to separate completely from its ownership and control either (a) all its interest in the sleeping car business and the properties used in connection therewith, or (b) all its interest in the manufacturing business and the properties used in connection therewith, and, also, to submit to the court for hearings and approval a plan to effectuate such separation. The decree included the following provision:

Pullman, Inc., shall, within one year after the approval by the court of a plan of separation, carry out such plan and shall promptly hereafter make a report to this court, in reasonable detail, of the execution of said plan, including in such report a full list of the persons, firms or corporations that shall have acquired its interests in the business, properties, stock, or other securities, of which it has disposed. In the event such plan has not been carried out within one year after its approval the court will take such steps relative to the disposition of the business as it may deem proper, and it is the duty of Pullman, Inc., as may be necessary to carry out the provisions of this judgment.

### Effective Date

The decree was made effective sixty days from the date of its entry (the latter date being May 8). It provided that the corporate defendants, in carrying out the separation of the sleeping car business from the manufacturing business, should not transfer the properties or issue or transfer any of the capital stock, bonds, etc., of the business disposed of to officers, directors, agents or employees of the business retained or to "any one acting alone or in concert, agreement or understanding, with any other persons, firms, or corporations, to establish a community of ownership or control of both businesses."

"For a period beginning with the effective date of this judgment," said the court in its decree, "and running until the separation of the sleeping car business from the manufacturing business, Pullman shall acquire new sleeping cars for use in the business of furnishing, or furnishing and servicing, sleeping cars only pursuant to competitive bidding, whether such acquisitions are outright purchases, leases, or in some other form; provided, however, that this section shall not apply in cases of the lease to Pullman (the Pullman Company) of railroad owned cars for use in supplying sleeping car service on such railroad, nor in cases of short-term rental arrangements. . . ."

Orders, contracts, "arrangements or understandings" existing between Pullman-Standard and any railroad for construction of passenger rolling stock by Pullman-Standard for use in any train in which the Pullman Company was to operate sleeping cars were made subject to cancellation at the option of such railroad, within sixty days after the effective date of the decree, except as to cars on which construction had been begun and binding commitments made for materials, parts, or tools specifically for use in their construction, under terms of the decree.

### Sale of Sleeping Cars

The decree provided for purchase by railroads having contracts with the Pullman Company of used sleeping cars "on such terms as may be set forth in the order of the court approving the plan of separation." The Pullman Company may not sell any such car prior to court approval of the separation

## ORDER PULLMAN MONOPOLY END

### Court Decrees One Of Businesses Disolve

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The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the government's four-year-old anti-trust suit will be effective in 60 days.

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SPRINGFIELD, MASS.  
MORNING UNION  
Circ. D. 78,711

MAY 11 1944

### On The Firing Line By D. N. T.

#### INFORMATION PLEASE

When I hear the verse with its bitterness phrase  
I'm sure that it's Parker's, and say so, as well—  
It always turns out to be Edna Millay's,  
For they are twin casters of poetry's spell.  
It's "Dickens," all right, but it's "Hardy" I yell,  
And the smug flush of pride that's incipient halts,  
To come back with a surge, to return with a  
swell,

When I know the answer and Kieran defaults.

Gilbert and Sullivan—they're F. P. A.'s;  
Music is Taylor's, Levant's—who can tell?  
I make a snarl, but not one to amaze  
Anyone knowing I'm not nonpareil,  
Sweetly in ecstacy's province I dwell,  
As falls the one that my spirit exalts,  
Loudly I name the exact villainelle,  
When I know the answer and Kieran defaults.

When They are right, I am free with my praise;  
(A grape that is sour may often rebel.)  
I toast their omniscience for several days,  
The wits which no others I know of excel.  
My bias has no match; there is no parallel  
To the joy which my consciousness tickles and  
sals,

To the musical sound of me ringing the bell,  
When I know the answer and Kieran defaults.

#### L'ENVOI

Prince, how I wish that their vast clientele  
Were there when this sage, in his rectitude,  
vaults

Out of his chair like a learned gazelle—  
When I know the answer and Kieran defaults.

It is possible that the Allies may offer more  
lenient peace terms to all enemy nations except  
Germany and Japan, according to the London  
Daily Mirror. This news will not please the  
sticklers who think anything not unconditional  
is unconventional and unacceptable.

The Pullman people have been told by a Federal  
court to "cut their business. Wouldn't it be  
nice to see them on their uppers for a while?

A New York liquor dealer has been sentenced  
to six months in prison for violating OPA ceiling  
prices. The transaction meant headaches on both  
sides of the counter for once.

Scientists have discovered a "mysterious bac-  
teria-destroying substance" in the onion. So that  
maligned vegetable gets rid of unbidden guests  
as well as the hidden ones.

"President Sees Leaders from Capitol Hill"—  
headline. What course were they playing, Mr. R.?

Representative Robertson of Virginia has pro-  
posed that the flowering dogwood be chosen as  
the national flower of the United States. Why  
not be consistent in our symbolism? Why not  
the eagle flower?

Circ. [D 5,235]

This Clipping From  
BOSTON, MASS.  
NEWS BUREAU

MAY 9 1944

## Orders Pullman Divestment

Must Give Up Either Car Manufacturing Or Sleeping Car  
Operations Under Final Decree Of Three-Judge  
Federal Court

Philadelphia (AP)—A special three-judge federal court yesterday ordered the Pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

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### Ruling May Be Appealed To Supreme Court

Philadelphia—Statement issued by David A. Crawford, president of Pullman Inc., in connection with the decree in the anti-trust suit in Philadelphia says in part:

"The decree entered in the district court at Philadelphia is not a consent decree and either party may as a matter of right take an appeal from its provisions to the Supreme Court of the United States. What action the Pullman group of companies will take cannot be stated until we have had an opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

"We can say, however, that under this decree, if finally sustained, a separation between the Pullman Co., which operates the sleeping-car business, and Pullman-Standard Car Manufacturing Co., the associated car-building company, must be effected. One of these operations must be disposed of and the decree gives Pullman Inc. the right to make the choice. Pullman Inc., through a subsidiary, may either operate sleeping cars or it may manufacture them."

which furnishes "personal service" on cars, the Pullman Standard Manufacturing Co. or the Pullman Car & Manufacturing Corp. of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any order.

### Given 90 Days To Decide

Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

At present the servicing company and the manufacturing company have "exclusive right" contracts with railroad companies under which the railroads must use Pullman service on Pullman-made sleepers.

The servicing company also has an "exclusive right" contract with the manufacturing company under which it purchases sleepers only from the manufacturing unit.

Henceforth, the court ruled, the servicing company may

acquire new cars only through open competition and not exclusively from its associate. Servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

Decree becomes effective in 60 days unless Pullman groups appeal to the Supreme Court.

Members of the special court were Judges John B. Biggs, Jr., Albert Maris and Herbert F. Goodrich.

In the event that an appeal is taken to the Supreme Court by the Pullman group, the effective date of the decree is the day after the Supreme Court hands down its mandate.

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SPRINGFIELD, MASS.  
MORNING UNION  
Circ. D. 78,711

MAY 11 1944

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Anyone knowing I'm not mopey.  
Sweetly in ecstasy's province I dwell,  
As falls the one that has spirit quite,  
Loudly I name the exact villainie,  
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When They are right, I am free with my praise;  
(A grape that is sour may often rebel.)  
I toast their omniscience for several days,  
The wits which no others I know of excel.  
My bias has no match; there is no parallel  
To the joy which my consciousness tickles and  
sals,

To the musical sound of me ringing the bell.  
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Were there when this sage, in his rectitude,  
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CONCORDIA, KS. BLADE PAPER  
APR. 9, 1944

### SLEEPING-CAR MONOPOLIES

If you have trouble getting even an upper berth on a Pullman, take a leaf from the big war contractors. They have hit on a new scheme to insure peacetime comfort on crowded trains.

Companies which have large war orders do not depend on 10-day advance reservations like the average traveller. They buy up whole blocks of Pullman berths on trains from New York, Chicago, Detroit, Los Angeles and other places one month in advance.

Then they turn around and bill the government for this expense, under their cost-plus contracts. All meals and liquid refreshments on trains (though not itemized as such) also are charged to the government. Anything goes under a cost-plus contract.

The war and navy departments also follow the war contractors' system. The railroads now have a standing order to reserve 50 per cent of their Pullman space one month in advance for service people travelling on war business.

Between the war contractors and service travellers, congressional investigators who have to travel out of town on short notice frequently are up against it. Not long ago, Representative Ed Izac of California tried to get 10-day advance reservations for a naval affairs subcommittee, but couldn't. When he complained to railroad officials, he was told: "Sorry, Congressman, but two big industrial concerns cleaned us out several weeks ago."

THE NEB WORLD-HERALD  
MAY 9, 1944

## Pullman Action Still Undecided

Chicago, Ill. (INS)—No action yet has been decided by the Pullman interests, it was announced Monday at the result of the order of a three-judge federal court directing the company to divorce itself from one or the other of its two main businesses. An appeal to the United States supreme court is possible.

David A. Crawford, president of Pullman, Inc., declared, "We think this ~~case~~ involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The court, charging an illegal monopoly, ordered the company to dispose of either its function of building or of operating sleeping cars.

SPRINGFIELD, MASS.  
NEWS  
Cir. D. 46,588

MAY 9 - 1944

## TICKER FLASHES

By Dow Jones News Ticker

### Department Store Sales

New York city department store sales for the week ended May 6 were 15 per cent above like period last year. For four weeks ended last week they averaged 5 per cent above a year ago.

### Oil Output Increases

Crude oil production in U. S. during the week ended May 6 averaged 4,538,850 barrels daily, according to Oil & Gas Journal, an increase of 92,850 barrels daily over preceding week.

### Pullman Problem

Association of American railroads plans to hold meetings soon to consider whole problem raised by court decree that Pullman, Inc. confine its operations to either sleeping car or manufacturing business.

Sentiment today leaned toward possibility company's sleeping car subsidiary Pullman company would be taken over jointly by railroads and operated along cooperative lines of Railway Express agency.

Circ. [D 13,295]

This Clipping From  
LEWISTON, ME.  
JOURNAL

MAY 8 - 1944

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MAY 8, 1944  
McCORMACK, NEBR. GAZETTE

PHILADELPHIA, — The Pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 40 years, was ordered dissolved today in a "final decree" by a three-judge federal court. The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce its manufacturing and services businesses.

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Then they turn around and bill the government for this expense, under their cost-plus contracts. All meals and liquid refreshments on trains (though not itemized as such) also are charged to the government. Anything goes under a cost-plus contract.

The war and navy departments also follow the war contractors' system. The railroads now have a standing order to reserve 50 per cent of their Pullman space one month in advance for service people travelling on war business.

Between the war contractors and service travellers, congressional investigators who have to travel out of town on short notice frequently are up against it. Not long ago, Representative Ed Izac of California tried to get 10-day advance reservations for a naval affairs subcommittee, but couldn't. When he complained to railroad officials, he was told: "Sorry, Congressman, but two big industrial concerns cleaned us out several weeks ago."

### Pullman Action Still Undecided

Chicago, Ill. (INS)—No action yet has been decided by the Pullman interests, it was announced Monday at the result of the order of a three-judge federal court directing the company to divorce itself from one or the other of its two main businesses. An appeal to the United States supreme court is possible.

David A. Crawford, president of Pullman, Inc., declared, "We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

The court, charging an illegal monopoly, ordered the company to dispose of either its function of building or of operating sleeping cars.

MAY 9 - 1944

## TICKER FLASHES

By Dow Jones News Ticker

### Department Store Sales

New York city department store sales for the week ended May 8 were 13 per cent above like period last year. For four weeks ended last week they averaged 9 per cent above a year ago.

### Oil Output Increases

Crude oil production in U. S. during the week ended May 8 averaged 1,328,850 barrels daily, according to Oil & Gas Journal, an increase of 92,850 barrels daily over preceding week.

### Pullman Problem

Association of American railroads plans to hold meetings soon to consider whole problem raised by court decree that Pullman, Inc., confine its operations to either sleeping car or manufacturing business.

Sentiment today leaned toward possibility company's sleeping car subsidiary Pullman company would be taken over jointly by railroads and operated along cooperative lines of Railway Express agency.

Circ. [D 13,295]

This Clipping From  
LEWISTON, ME.  
JOURNAL

## Pullman Group Must Either Give Up Manufacturing Railroad Cars Or Furnishing Personal Service

PHILADELPHIA -P. A. special three-judge Federal court today ordered the pullman group to give up either its railroad car manufacturing business or the furnishing of "personal service" on sleeping cars.

The court issued a final decree in an anti-trust suit filed by the government against the Pullman interests on July 12, 1940.

Under the decree there may be no "interlocking directors" among Pullman, Inc., top holding corporation; the Pullman company, which furnishes "personal service" on cars,

the Pullman-Stansted Manufacturing Co., or the Pullman car and manufacturing corporation of Alabama.

The decree forbids officers or directors of any one Pullman company from holding securities in any other. Pullman was given 90 days to decide which branch of the business it will retain.

The court directed that a plan for the separation of the businesses be filed within a year. If the plan is not acceptable, the court itself will make a proposal, the judges said.

PHILADELPHIA, — The Pullman car monopoly enjoyed by Pullman, Inc., and its subsidiaries for the past 40 years, was ordered dissolved today in a "final decree" by a three-judge federal court. The decree, issued in the government's anti-trust suit filed against the Pullman group July 12, 1940, ordered the companies to completely divorce its manufacturing and services businesses.

MAY 9 - 1944  
**PULLMAN MONOPOLY  
ORDERED DISSOLVED**

**Four Companies Told by  
Court in Phila. to End  
40-Year Tieup**

The Pullman group of companies was ordered to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars in a "final decree" entered yesterday by a three-judge expediting court in Philadelphia.

The decree was issued in the government's antitrust suit filed against the four Pullman companies July 12, 1940.

The court ruled the Pullman group give up either the manufacturing business or the railroad Pullman servicing business, but left the choice up to the group of companies. Interlocking directors are barred.

The court also directed the company to make its decision within 90 days and file the plan of separation with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Company of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

The decree, signed by Judges Maris, Biggs and Goodrich, ruled out the "exclusive right" contracts between the servicing company and the railroads.

The court held the servicing company can acquire new cars only through open competition, and must furnish its specifications and give the work to the lowest responsible bidder.

Although the court held the 31 officers and directors of the four companies were guilty with the corporations of violating sections one and two of the Sherman act, it did not enter judgment against them. The court held the result sought by the justice department would be attained in the decree entered against the corporations.

*This Clipping From*  
**NEW YORK, N. Y.  
SUN**

MAY 9 - 1944

**PULLMAN.**

Pullman closed 2 1/4 points higher yesterday. The stock began to rise quickly shortly after 2 o'clock, and after it had gone up 2 points or so the news appeared that the court had ordered segregation of the properties. Wall Street had talked of the possibilities of that for the past few months, after the court had given a hint of what it would decree, so there really was nothing new in the matter. Wall Street is still in the dark as to whether the company will appeal the order, or just what action will be taken if an appeal is lost or none taken. The popular guess for some time has been that probably no appeal would be made and that the company would elect to retain its manufacturing business. Presumably, in that case, the railroads would form an agency similar to that of the Railway Express Agency, and take over operation of the sleeping and parlor car service. If that were done, then Pullman shareholders would expect a distribution of the proceeds from sale of the sleeping cars, or if operation were held and manufacturing sold, then doubtless shareholders would be given shares in the manufacturing company.

**MONOPOLY.**

In discussing the Pullman decree the company pointed to some of the possibilities, but did not say what it likely would do. It took the occasion to point out the seeming inconsistency of antitrust action in the case, and especially in wartime when Pullman obviously is doing so much to facilitate the movement of troops. The nub of the matter seems to be that other manufacturers felt that the Pullman influence was strong in railroad circles, and so long as Pullman operated cars it would have first call on their manufacture. In other words, somebody wanted something. Otherwise it is hard to see how even the Department of Justice could work up a lather over monopoly just after the telephone companies had been forced to merge, to form a complete monopoly, and while the telephone company and its manufacturing unit, Western Electric, have pretty close to a monopoly.

*This Clipping From*  
**NEW YORK, N. Y.  
MIRROR**

MAY 9 - 1944

*Pullman rallied briskly, some two points, in the last hour, on decrees of Philadelphia Federal Court ordering Pullman, Inc., to give up either one of its two main divisions—either sleeping car service or railroad equipment building, which is Pullman-Standard. Decree is the outcome of Federal anti-trust suit; under it interlocking directorates are prohibited; directors of one company not permitted to hold stock in the other.*

One year will be allowed for the Pullman divorce. If the company's plan, to be filed within a year is not satisfactory, the Court itself will propose a plan. Meanwhile, company must decide within 90 days which division will be divorced.

The rally of Pullman stock on the court decision was evidence of general trading bullishness. Traders pointed to the shrunken turnover as discounting a reactionary turn.

Austin Nichols common and preferred carried over their rise of last week, the common making two more points to cross 13.

Austin Nichols is a distributor of liquor, along with wholesale grocer, not a distiller; probably is in a position of looking for inventory, rather than trying to dispose of it. The preferred is \$33.75 in arrears of dividends.

Southeastern railroad sac cancellation, not merely suspension, of freight rate increases granted two years ago.

*This Clipping From*  
**NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL**

MAY 9 - 1944

*Business and Finance*

**R**AILROAD COMPANIES may take over the sleeping-car service of Pullman Co. and operate it along the lines of the Railway Express Agency. This possibility developed after a special three-judge Federal Court yesterday ordered the Pullman group to give up either its railroad-car manufacturing business or the operation of sleeping cars. Railroad officials will meet soon to consider the problems raised by the court decree. No definite program will be drawn up until the Pullman directors decide whether to carry the case to the U. S. Supreme Court.

This Clipping From  
NEW YORK, N. Y.  
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MAY 9 - 1944  
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The decree was issued in the government's antitrust suit filed against the four Pullman companies July 12, 1930.

The court ruled the Pullman group give up either the manufacturing business, or the railroad Pullman servicing business, but left the choice up to the group of companies. Interlocking directors are barred.

The court also directed the company to make its decision within 90 days and file the plan of separation with the court. If the plan is not acceptable, the court will issue its own plan of divorcing the two businesses.

The decree was directed against Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., and Pullman Car and Manufacturing Company of Alabama. The court's order opens the way for other manufacturers to enter the field in open competition for the manufacture of Pullman cars and for new companies to compete for the furnishing of service on the sleepers.

The decree, signed by Judges Maris, Biggs and Goodrich, ruled out the "exclusive right" contracts between the servicing company and the railroads.

The court held the servicing company can acquire new cars only through open competition, and must furnish its specifications and give the work to the lowest responsible bidder.

Although the court held the 31 officers and directors of the four companies were guilty with the corporations of violating sections one and two of the Sherman act, it did not enter judgment against them. The court held the result sought by the justice department would be attained in the decree entered against the corporations.

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MAY 9 - 1944  
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Circ. [D 28,318]

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MORNING WALL ST. JOURNAL

MAY 9 - 1944  
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MAY 9 - 1944

# Pullman Units Ordered to Separate

## Court Gives Group 90 Days to Decide Which Business It Will Keep

PHILADELPHIA, May 8 (AP).—The Pullman Cos., held to exercise an illegal monopoly of building and servicing railway sleeping cars were ordered by a special three-judge Federal court today to give up one business or the other.

The group of four companies was given ninety days to decide which business it will retain. Unless an appeal is taken the final decree entered in the Government's four-year-old anti-trust suit will be effective in sixty days.

David A. Crawford, president of Pullman, Inc., top company in the group, said the companies would decide whether to appeal after studying the effect of the order.

### Holdings Barred

The suit named Pullman, Inc., the Pullman Co., which provides "personal services" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corporation of Alabama and thirty-one officers and directors, including Alfred P. Sikan, Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman Co. are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich—directed that

the companies find a plan for the separation within a year.

If the plan is not acceptable, the judges said, the court itself will make a propo. 1.

At present, the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

### Supplies Servicing Unit

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

In a statement to the press, Mr. Crawford said:

"We think this decree involves a limitation on the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job.

### Broad Question Seen

"Of course, the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition of this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into general accep-

ance in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economics and score the technical advances made possible by such activities."

"There is also involved here the whole broad question of when, in the language of the court opinion, the sole possession of the field is or is not in the public interest.

"The evidence in our case showed—and the court in its finding of fact handed down in April, 1943, so stated—that the Pullman Co. did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company." The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and "is desirable in the public interest."

"It held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which insured to the 'public interest.' We became in a perfectly natural and inevitable way the only sleeping car company in the country."

"Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the 'public interest,' legislation merging the only two remaining telegraph companies, leaving one in 'sole possession of the field.'"

New York, New York  
Stars and Stripes

## Pullman Must Give Up Rail Trade or Car Output

PHILADELPHIA, May 9—The four companies of the Pullman group were ordered in Federal court today to choose within 90 days between giving up their business of manufacturing railroad cars or of continuing operating Pullman and sleeping cars.

The order was a final decree in an anti-trust suit filed by the government in July, 1940. It forbade directors of any one of the four companies to hold securities in the others and directed that a plan for separation of the two Pullman activities be filed within a year.

## RAILWAY AGE

New York City

MAY 13 1944

**PULLMAN DIVORCE:** The details of the Court's requirements with respect to the complete and final divorce which it has decreed between Pullman's manufacturing and operating functions—with comment by Pullman President Crawford—are given in a brief article in the feature section of this issue.

PHILADELPHIA, PA.  
RECORD

Ch. D. 227,467 — S. 384,956

MAY 13 1944

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To the Editor:  
Your editorial "Free Enterprise Wins" should be interesting to all.

I have watched all comments relating to Pullman, Inc., and the Federal Court decision, climaxing a two-and-a-half-year fight, which now rules that Pullman must give up one of its two chief subsidiaries.

With other car manufacturers, such as E. G. Budd Corporation, having free hand to compete in building sleepers and parlor cars, they will be able to expand and thus have greater efficiency and the public can enjoy greater comfort. As long as we have monopolies, we will have strangleholds and everyone should surely welcome the dissolution of all combines of this nature.

MAY 9 - 1944

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## RAILWAY AGE

New York City

New York, New York  
Stars and Stripes  
May 8, 1944

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Cir. D. 227,482 — S. 384,958

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## RAILWAY AGE

New York City

## New York, New York Stars and Stripes May 9, 1944

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MAY 15 1944

### Pullman Co.—Record Traffic Volume—

Continuing its steady upward movement, the volume of military and civilian travel by Pullman set a new all-time record of seven billion passenger miles during the first quarter of the year, according to preliminary estimates of this company.

This is an increase over the first quarter total of 6.0 billion in 1943 and indicates that Pullman travel volume in 1944 may be 3½ times as great as the total of the last pre-war year.

"The enormous volume of the nation's railroads is reflected in Pullman volume figures for the past few years," George A. Kelly, Vice-President, said in a statement. Pullman delivered 20 billion passenger miles. This figure increased to 16 billion in 1941, soared to 19 billion in 1942, and in 1943 was roundly 26 billion. If the present rate of increase continues, the 1944 total may exceed 36 billion.

"In any event, in the months immediately ahead, we may look for the heaviest passenger burden Pullman and the railroads have ever carried, and we are hopeful that civilian travelers will avoid adding needlessly to the wartime load."

Organized military travel, he said, currently accounts for nearly one-half of the total Pullman traffic volume.—V. 159, p. 1001.

### Pullman, Inc.—Pullman Group Ordered to Split Four Companies—Court Rules Sleeping Car Services Must Be Separated Within a Year—

The Pullman companies, held to exercise an illegal monopoly of building and servicing military sleeping cars, were ordered by a special three-judge Federal Court at Philadelphia, May 8, to give up one business or the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the Pullman case, an anti-trust suit which will be effective in 60 days.

The suit named Pullman, Inc., the Pullman Co., which provides "personal services aboard sleeping cars, the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corp. of Alabama, and 31 other Pullman subsidiaries, including the late V. Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from sitting on the boards of any other.

The court—Circuit Judges John Biggs Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

At present the servicing company has "exclusive right" contracts with railroad companies under which railroads desiring Pullman service must agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the servicing unit with sleeping cars.

Henceforth, the court ruled, the servicing company may acquire new cars only through open competition and not exclusively from its associate. The servicing company was directed to furnish other car manufacturers with specifications for any new cars it desires.

Statement by President in connection with decree in anti-trust suit—David A. Crawford, President of Pullman, Inc., issued the following statement:

The decree entered in the District Court at Philadelphia is not a consent decree and either party may, as a matter of right, take an appeal from its provisions to the U. S. Supreme Court.

What action the Pullman group of companies will take cannot be stated until we have the opportunity to make a thorough study and analysis of the effect of the provisions of the decree upon the conduct of our business.

We can say, however, that under this decree, if finally sustained, a separation between The Pullman Co., which operates the sleeping car business; and Pullman Car Manufacturing Co., the associated car-building company, must be effected. One of these operations must be disposed of and the decree gives Pullman, Inc., the right to make the choice. Pullman, Inc. may through a subsidiary either operate sleeping cars or it may manufacture them, but not do both. For example, should it elect to operate the sleeping car operation it could no longer be the maker of the cars—the tools used in rendering to its railroad customers the service it contracts to deliver. Should Pull-

man, Inc., elect to continue through its car manufacturing subsidiary the building of sleeping cars, it could not operate them.

In addition to the direct impact of the decree upon the conduct of the sleeping car business, there would seem to be involved in this judgment some other matters of considerable public concern and interest.

For example, we think this decree involves a limitation on the fundamental right of a man to make for himself the tools with which he puts his own money to perform the job. Of course, the court's decision was based on its conclusion that Pullman was an illegal monopoly, but if the prohibition in this decree is extended in a broad way, it would seem to follow that no service institution that has been able to grow into a dominant position in its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and score the technical advances made possible by such activities.

Pullman's successful development of a sleeping car business serving the national interest has to a very large extent been made possible by superior quality and economy of the equipment it has been able to design, construct and use in its service. The first all-steel sleeping car, the first closed vestibule, the first electric lighting, the first air-conditioning installation, the first lightweight sleeper, and many other passenger-service "firsts" have been pioneered by Pullman. There is also involved here the whole old question of when, in the language of the court opinion, "the sole possession of the field" is or is not in the public interest.

The evidence in our case showed—and the court in its findings on fact handed down in April, 1943, so stated—that The Pullman Co. did not at any time engage in predatory practices nor take any action to oppress or impede the business of any other sleeping car company." The court recognized the efficiency and economy of our operation, in holding that each railroad must, as a practically desirable service feature, have access to a pool of sleeping cars such as Pullman operates because such a pool is economically advantageous to the railroads and "is desirable in the public interest." It held against us apparently because through the development of an efficient, economical and practical way of conducting the sleeping car business, which assured to the "public interest," we became in a perfectly natural and inevitable way the only sleeping car company in the country—in "sole possession of the field."

Yet the Congress of the United States, moving in precisely the opposite direction to that taken in the court opinion, recently enacted, in the "public interest," legislation merging the only two remaining telegraph companies, leaving one in "sole possession of the field."

Testifying currently to the efficiency and economy of Pullman's operations, it is pertinent to report that in 1943 the 7,121 cars of the Pullman pool accounted for 90% of the total passenger miles of traffic on American railroads, although they represented only about 25% in number, and 11% in normal passenger-carrying capacity, of all railway passenger-carrying equipment. Pullman cars last year provided approximately 26,000,000,000 miles of military and civilian passenger travel compared with 10,000,000,000 miles during 1941. These cars rendered more service in 1943 for troops alone than they were called upon to furnish for troops and civilians together in any year of World War I. At the same time, Pullman-Standard was producing \$272,000,000 worth of essential railway equipment and armaments, the latter consisting of ships and tanks, shells and bombs, trench mortars, carriages and related parts for locomotives and other big guns, aircraft assemblies and weldments for rail-aircraft guns.

Naturally we shall continue doing our best to carry on these important and vital war-time assignments, but it does seem inappropriate at this time to enforce—with no real advantage to the traveling public, to the railroads served, or to the military procurement agencies—disruption of organizations that are performing so effectively for the war effort.—V. 159, p. 1151; V. 158, p. 2128.

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MAY 15 '35

### Pullman Co.—Record Traffic Volume—

Continuing its steady upward movement, the volume of military and civilian travel by Pullman set a new all-time record of seven billion passenger miles during the first quarter of the year, according to preliminary estimates of this company.

This is an increase over the first quarter total of 6.0 billion in 1943 and indicates that Pullman travel volume in 1944 may be 2½ times as great as the total of the last pre-war year.

The enormous volume of the nation's railroads is reflected in Pullman volume figures for the past few years. George A. Kelly, Vice-President, said: "Pullman has delivered 4,000 passenger miles. This figure increased to 10 billion in 1941, soared to 19 billion in 1942, and in 1943 was roughly 26 billion. If the present rate of increase continues, the 1944 total will exceed 30 billion."

In any event, in the months immediately ahead, we may look for the heaviest passenger burden Pullman and the railroads have ever carried, and we are hopeful that civilian travelers will avoid adding needlessly to the wartime load.

Organized military travel, he said, currently accounts for nearly one-third of the total Pullman traffic volume.—V. 136, p. 1301.

### Pullman, Inc.—Pullman Group Ordered to Split Four Companies—Court Rules Sleeping Car Services Must Be Separated Within a Year—

The Pullman companies, held to extreme an illegal monopoly of military and overseas railway sleeping cars, were ordered in a special three-judge Federal Court at Philadelphia, May 8, to give up the business of the other.

The group of four companies was given 90 days to decide which business it will retain. Unless an appeal is taken, the final decree entered in the court-ordered antitrust suit will be effective in 90 days.

The suit named Pullman, Inc., the Pullman Co., which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing Co., the Pullman Car & Manufacturing Corp. of Alabama, and 31 other directors and officers including Alfred P. Sloan Jr., Harold S. Vanderbilt and Richard K. Meibohm.

Under the decree, any director or any Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court—Circuit Judges John Bissel Jr., Albert B. Maris and Herbert F. Goodrich—directed that the companies file a plan for the separation within a year. If the plan is not acceptable, the judges said, the court itself will make a proposal.

At present the servicing company has "exclusive rights" in contracts with railroad companies under which railroads desire Pullman sleeping cars. The court agreed to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and service without access to the pool of Pullman sleeping cars.

While the manufacturing unit had no exclusive right contract, it supplied the services unit with sleeping cars.

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What portion the Pullman group of companies will take cannot be stated until we have had opportunity to thoroughly study and analyze the effect of the provisions of the decree upon the conduct of our business.

We can say, however, that under this decree, if finally sustained, a separation between the Pullman Co., which operates the sleeping car service, and Pullman Car Manufacturing Co., the associated manufacturing company, must be effected. One of these operations must be disposed of and the other retained. It is the right to make the choice. Pullman, Inc. may through a subsidiary either operate sleeping cars or it may manufacture them, but not do both. For example, should it elect to continue the sleeping car operation it could no longer be the maker of the cars. The tools used is referable to its business customer—the service it contracts to deliver. Should Pull-

man, Inc. elect to continue through its car manufacturing subsidiary the building of sleeping cars, it would not be operating a line.

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For example, we think this decree involves a limitation on the fundamental right of a contractor to buy off the tools in which he puts his own money to perform the job. Of course, the court's decision was based on the matter of the Pullman sleeping car monopoly, but at the prohibition in this decree is extended in a broad way, it would seem to follow that no service institution that has been able to stock into general availability of its field by making for itself the tools best adapted for its trade, will hereafter be permitted to obtain the economies and secure the technical advances made possible by such activities.

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Naturally we shall continue doing our best to carry out these important and vital war-time assignments, but it does seem inappropriate at this time to interfere—with no real advantage to the traveling public, to the railroads served, or to the military procurement agencies—disruption of organizations that are performing so effectively for the war effort.—V. 136, p. 1121; V. 136, p. 1162.

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## Anti-Trust Law Flouted

# U. S. COURT ORDERS PULLMAN TO BREAK UP SLEEPING CAR MONOPOLY

Philadelphia — (FP) — Pullman, Inc., the holding company whose subsidiaries manufacture and operate Pullman cars, must give up one business or the other, a special three-man Federal court ruled here.

The court found Pullman Inc., three subsidiaries and 31 officers and directors had "combined and conspired" to violate the Sherman Anti-Trust Act by monopolizing the sleeping car business. Within 90 days the corporation must tell the court how it plans to break up its monopoly. Within a year it must have it broken up.

Two Pullman companies manufacture sleeping cars. Another operates them, but won't let a railroad use its pool of cars at all unless

it uses Pullman cars exclusively. The court gives Pullman Inc. the privilege of deciding which branch of the business it wants to stay in. The decree forbids any of the officers or directors of one company to serve similarly in another of the companies.

### Monopolists All

Among Pullman Inc. officers and directors are such well-known industrialists and financiers as Alfred P. Sloan, Jr., of General Motors Corp., Richard K. Mellon, of the aluminum monopoly Mellons, and Harold S. Vanderbilt, whose family has a minor monopoly on the nation's cash assets.

While the company is breaking its illegal

stranglehold on the sleeping car business, the subsidiary that operates the cars must take bids from other manufacturers when it buys new cars, the judges ordered. This portion of the ruling will give a look-in on the car building business to such companies as Edward G. Budd Manufacturing Co., American Car and Foundry, Bethlehem Steel Co. and St. Louis Car Co.

President David A. Crawford, of Pullman Inc., in announcing that the company hasn't decided whether to appeal to the U. S. Supreme Court, declared the court order violates "the fundamental right of a contractor to make for himself the tools into which he puts his own money to perform his job."

### PATHFINDER

Washington, D. C.

MAY 22 1944

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# Hanna

EVERYBODY'S BUSINESS:

B-29's and Anti-Trust Suits

Thoughts on Various Subjects:  
**B**USINESSMEN are asking, what effect, if any, will the new B-29 Bomber type of aircraft have on trade after the war? Here is a vehicle capable of moving 5,400 miles without refueling and which can travel at 300 miles an hour and carry X tons of freight or passengers.

I pass that one on to President Patterson of United Air Lines, who is an encyclopedia on air transport costs. My guess is he would say that the cost per mile of operating such a vehicle commercially would be so high that only a cargo of the small weight and space and value of diamonds would prove profitable. Yet who could buy and pay the freight, on a ton of diamonds?

For war purposes, of course, the answer is obvious—no cost is too high to get bombs over Japan. But even so it makes one shudder to think of a possible future day when a fleet of B-29s, or of an even larger vehicle, could make a round trip from some point in Europe and bomb New York.

The size of the job of securing future peace in the world grows just about in proportion as the victors in each contest succeed in creating bigger and better engines of destruction. Can an association of peace-loving nations keep inventions such as the B-29 or duplications and improvements thereon, in hands that will use them to prevent wars?

#### Recalls Ship Scraping.

After the last war by a solemn international agreement a supposedly large war-threatening excess of naval ships was destroyed. No need to mention again the painfully disappointing outcome. Shall we this time try prevention at the source, i.e., the inventor? And how do you police a nation of inventors?

The machine age has indeed brought man benefits undreamed of before it came. But little yet does man know about controlling it so that its inherent penalties will not destroy him or nullify its benefits.

**W**ONDER if the people who start anti-trust suits ever ask the public how it likes the effect of decisions which require busi-

ness concerns to split themselves into independent units.

Following the decision last month by a special three-judge federal court at Philadelphia that the Pullman organization must give up either its railroad car manufacturing business or its sleeping car service, I made inquiry along these lines of fellow passengers on several trips.

The first query was made of a woman traveling on a modern streamlined train. The railroad in this instance furnishes its own parlor car service. The passenger said, "I thought there was something wrong with this train—in the washroom there were only paper towels and the floor was dirty—on Pullmans they have both kinds of towels."

On an overnight "jump," sitting late in the Pullman smoker with a round traveling man I introduced the subject. Said he: "What the h— sense does it make to split them up? The rates will be the same and the service poorer; and who gives a damn whether the Pullman people make the care, and operate them too, as long as they keep on doing a good job?"

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Three others brought up the matter of rates and service thought that a splitup would not give the sleeping car patron any more for his money and would probably give him less in service.

Arriving at the station one gentleman with whom I had been discussing the matter said: "Take a look. There is a good example of what I mean by service likely to be poorer, if the roads handle the Pullmans." The conductor of the train, bag in hand, was walking up the platform ahead of the disembarking passengers while one lone trainman was helping people off with their bags from two adjoining car platforms. But at each Pullman car door there was the porter, as usual.

Of course all conductors are not that way and of course the people pay more for Pullman service. But isn't the object of anti-trust prosecutions to give the public more for its money or the same service for less money? One wouldn't think so if the results of most anti-trust actions these days are taken as criteria.





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# PULLMAN, INC., DECIDES NOT TO APPEAL ORDER

## Indicates It Plans for Separation.

BY PHILIP HAMPSON.

A Philadelphia federal court decision in the Pullman, Inc. anti-trust case ordering the company to divorce its car servicing and car manufacturing operations will not be appealed to the United States court, stockholders will be told today in a letter from D. A. Crawford, president. The \$31 million dollar company indicated instead it is preparing a separation plan.

Crawford explained that the decision was taken in belief the Supreme court might not give Pullman freedom of choice in retaining either the sleeping car or the car manufacturing business.

### Has Ninety Days to Decide.

The court order was effective last Friday. Pullman, Inc. has 90 days from then to decide what it will do and to submit to the court for hearings and approval a separation plan. Its car servicing is operated by Pullman company and the manufacturing business by Pullman-Standard Car Manufacturing company.

"It should be recalled that the District court refused to accede to the demand of the department of justice that Pullman, Inc. be denied freedom of choice and the exercise of its business judgment in executing the separation ordered by the decree, of the two major lines of business conducted by the Pullman group of companies," Crawford said. "This court recognized that Pullman should have the right to elect whether it would dispose of its manufacturing or its sleeping car business.

### Would Hamper Action.

"Stockholders will readily understand the difficulties which would be faced in seeking to protect their investments if the management were to be restricted in the manner desired by the government and deprived of flexibility and choice of action in conducting negotiations for disposition of the property and other assets of one or the other of the going businesses now conducted by the subsidiaries."

Besides jeopardizing the Pullman position under the court decree, Crawford said an appeal would

create a long period of legal uncertainty, leaving railroad users of sleeping car service and railroad buyers of Pullman-Standard equipment hampered in their dealings with the Pullman group of companies. He said the uncertainty also would be of real concern to thousands of Pullman employees.

The Philadelphia court ordered separation of the company's business in a decision in April, 1943, and a three judge United States District court on Jan. 22 this year refused to modify the opinion.

The government filed anti-trust actions against Pullman, Inc. under both the Sherman and Clayton acts. Altho the company's home office is Chicago, the government forced it to stand trial in Philadelphia.

# Pullman Heads See Split-Up as Best Expedient

Owners, customers and employes of Pullman, Inc. will fare better by having the company proceed immediately with a program to separate its car operating and car manufacturing businesses rather than by further litigation in the anti-trust suit of the government.

That conclusion of the management was given in a report to stockholders Saturday in explanation of the company's failure to appeal to the Supreme Court from the decree of the District Court at Philadelphia ordering disintegration of the organization.

### Action Choice Protected

Choice of action as to which business is continued and which disposed of rests with the company under the district court order, D. A. Crawford, president of the company, pointed out to shareholders.

This freedom of choice would be put in "grave jeopardy" by appeal, because the Supreme Court might adopt the view of a dissenting judge in the district court opinion that no such freedom of choice should be permitted, he said.

"Stockholders will readily understand," he said, "the difficulties which would be faced in seeking to protect their investments if the management were to be restricted in the manner desired by the government and deprived of flexibility and choice of action in conducting negotiations for disposition of the property and other assets of the going business now conducted by the subsidiaries."

### Uncertainty Avoided

Other considerations leading the company to forego appeal included the prolonged period of legal uncertainty for railroad users of its sleeping-car service, for buyers of its freight and passenger equipment, and for the company's employes.

No statement was made to stockholders as to any plan of separation. It was explained that this would first be worked out and submitted, together with a program for its execution, within the ninety days allowed the company by the court to perfect its arrangements.

Chicago Tribune  
July 10, 1944

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## Why Pullman Didn't Appeal

Asserting that the freedom of choice granted Pullman, Inc., in the Federal Court decree ordering divestment of either its manufacturing, business, sleeping car service would be "put in grave jeopardy" if an appeal were taken to the Supreme Court, David Crawford, president of Pullman, Inc., in a statement to stockholders reports that boards of directors of the Pullman group of companies decided against such action.



David Crawford.

At the same time, Crawford intimated that plans for the divestment are yet to be shaped. He added that stockholders will be informed "in due course" of definite developments.

The decree imposing the divestiture order became effective Friday with expiration of the period allowed the company to file an appeal to the United States Supreme Court. A three-judge Federal Court imposed the order May 8 in a government suit which charged the company's 40-year monopoly on Pullman cars violated the anti-trust laws.

### 90 Days to Choose.

The company now has 90 days in which to file with the court its election as to the business it will dispose of and must within the same time submit a plan for separation. In his statement to stockholders, Crawford points to what he calls the "inadvisability of our attempting to make specific statements about a separation plan until such a plan is worked out and submitted to the court."

Other highlights of the statement are as follows:

"In view of the opinion expressed in previous communications to stockholders, an appeal from the final judgment of the District Court might appear to be the logical course.

"It should be recalled here that the District Court refused to accede to the demand of the Department of Justice that Pullman, Inc. be denied freedom of choice and the exercise of its business judgment in effecting the separation, ordered by the decree, of the two major lines of business conducted by the Pullman group of companies.

### Difficulties Stressed.

"Stockholders will readily understand the difficulties which would be faced in seeking to protect their investments if the man-

agement were to be restricted in the manner desired by the government and deprived of flexibility and choice of action in conducting negotiations for disposition of the property and other assets of one or the other of the going businesses now conducted by the subsidiaries of this corporation.

"Your board of directors was obliged to recognize that if an appeal were taken the freedom of choice permitted by the decree would be put in grave jeopardy because the Supreme Court might prefer to adopt the view of the dissenting judge in the District Court who was of the opinion that no such choice should be permitted.

"Moreover, the taking of an appeal would necessarily have prolonged a period of legal uncertainty and would have left the railroad users of sleeping car service and the railroad buyers, who have been accustomed to look to Pullman-Standard for supplies of both freight and passenger equipment, hampered in their dealings with the Pullman group of companies.

### 'Employees Affected.'

"Your board of directors is conscious that the uncertainties which confront all other parties at interest in this forced disintegration of the Pullman organization are also of real concern to thousands of employees. Although it is unthinkable that employees of long training and specialized experience will not find continuation of their employment under any plan of separation, we feel that prolonged delay, the result of appeal litigation, in clearing their future employment status might prove to be a deterrent to all-out effort in the important wartime activities in which they are now engaged.

"For these reasons and others of importance in connection with plans for the future of the Pullman group of companies, your board of directors believes that the decision not to appeal this case is in the best interests of the companies, their stockholders and employees."

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The decree of last May 8 ordered the separation of the company's two major lines of business—manufacture of rail equipment and the rental to railroads of sleeping car facilities—and gave Pullman 90 days within which to file with the court its election as to the business to be disposed of.

Crawford, in a letter to stockholders, asserted that directors "were obliged to recognize that if an appeal were taken the freedom of choice permitted by the decree would be put in grave jeopardy because the Supreme Court might prefer to adopt the view of the dissenting judge in the District Court who was of the opinion that no such freedom of choice should be permitted."

The government, in its suit, had sought to bar such freedom of choice and exercise of the business judgment of the company's management, Crawford pointed out in his letter.

It was "to safeguard this essential freedom" that directors held their decision not to appeal to be "in the best interests of the corporation, its stockholders and its employees" Crawford wrote.

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Chicago Sun  
July 10, 1944

## Why Pullman Didn't Appeal

Asserting that the freedom of choice granted Pullman, Inc. in the Federal Court decree ordering divestment of either its manufacturing business or sleeping car service would be "put in grave jeopardy" if an appeal were taken to the Supreme Court, David Crawford, president of Pullman, Inc., in a statement to stockholders reports that boards of directors of the Pullman group of companies decided against such action.

At the same time, Crawford indicated that plans for the divestment are yet to be shaped. He added that stockholders will be informed "in due course" of definite developments.

The decree imposing the divestiture order became effective Friday with expiration of the period allowed the company to file an appeal to the United States Supreme Court. A three-judge Federal Court imposed the order May 8 in a government suit which charged the company's 40-year monopoly on Pullman cars violated the anti-trust laws.

### 90 Days to Choose.

The company now has 90 days in which to file with the court its election as to the business it will dispose of and must within the same time submit a plan for separation. In his statement to stockholders, Crawford points to what he calls the "inadvisability" of our attempting to make specific statements about a separation plan until such a plan is worked out and submitted to the court.

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"For these reasons and others of importance in connection with plans for the future of the Pullman group of companies, your board of directors believes that the decision not to appeal this case is in the best interests of the companies, their stockholders and employees."



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Daily News  
Chicago, Ill.  
July 10, 1944

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It was "to safeguard this essential freedom" that directors held their decision not to appeal to be "in the best interests of the corporation, its stockholders and its employees," Crawford wrote.

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## Pullman Not to Appeal Court Order That It Drop One Subsidiary

### Company Fears It Might Lose Right To Elect Which Line of Business to Give Up, Crawford Says

From THE WALL STREET JOURNAL Chicago Bureau  
CHICAGO—The Pullman companies will not appeal the Government's anti-trust suit, according to D. A. Crawford, president of Pullman Inc., in a letter to stockholders. The board of directors reached this decision "after careful consideration of the legal and economic factors raised by the decree entered on May 8 in the U. S. District Court at Philadelphia," Mr. Crawford said.

"In view of the opinion expressed in previous communications to stockholders, an appeal from the final judgment in the district court might appear to be the logical course. However, it is the judgment of your directors that the interests of stockholders of Pullman Inc., will best be served by not taking an appeal," the letter continued.

#### What The Decision Called For

"It should be recalled that the District Court refused to accede to the demand of the Department of Justice that Pullman be denied freedom of choice and the exercise of its business judgment in effecting the separation, ordered by the decree, of the two major lines of business conducted by the Pullman group of companies. This court recognized that Pullman Inc., should have the right to elect whether it would dispose of its manufacturing business or its sleeping car business, and in its decree directed that Pullman Inc., should have 90 days after the effective date of the decree in which to file with the court its election as to the business to be disposed of and also to submit at the same time a plan to effectuate such separation.

"Your board of directors was obliged to recognize that if an appeal were taken the freedom of choice permitted by the decree would be put in grave jeopardy because the Supreme Court might prefer to adopt the view of the dissenting judge in the District Court who was of the opinion that no such freedom of choice should be permitted. To safeguard this essential freedom your directors believe that the decision not to appeal is for this reason in the best interests of the corporation, its stockholders and its employees.

#### Employees Assured of Jobs

"Your board of directors are conscious that the uncertainties which confront all other parties at interest in this forced disintegration of the Pullman organization are also of real concern to thousands of employees. Although it is unthinkable that employees of long training and specialized experience will not find continued employment under any plan of separation, we feel that prolonged delay, as the result of appeal litigation, in clearing their future employment status might prove to be a deterrent to the effort in the wartime activities in which they are now engaged.

"Stockholders will appreciate the inadvisability of our attempting at this time to make specific statements about a separation plan until such plan is worked out and submitted to the District Court." Mr. Crawford concluded. "The effective date of the District Court decree is July 7, 1944. Pullman Inc. has 90 days from that date to file its election and submit to the court for hearing and approval a plan to effectuate such separation. With such approval, your company will then have a further period of one year in which to put the plan into effect."

Chicago American  
July 10, 1944

## Chicago American Pullman Drafts Breakup Plan

BY HAL THOMPSON.

Pullman Inc. is now at work on a plan designed to carry out the decree of the federal court calling for divestment of either its car manufacturing unit or its sleeping car affiliate, D. A. Crawford, president of the parent firm, stated today.

In a letter to stockholders, in which he informed them of the decision of the firm not to appeal the decision, President Crawford pointed out that the corporation has 90 days from July 7, the effective date of the court's decree, to file such a plan. Further, he stated, the firm has a year to put the plan into effect, following approval by the court.

President Crawford stated he considered it in the best interests of the Pullman companies, its stockholders and employees not to appeal the breakup ruling of the federal court. Among reasons which prompted Pullman Inc. to decide against further contesting the government's suit, Crawford declared "the taking of an appeal would necessarily have prolonged a period of legal uncertainty and would have left the railroad users of sleeping car service and the railroad buyers who have been accustomed to look to Pullman-Standard for supplies of both freight and passenger equipment hampered in their dealings with the Pullman group of companies, both in the immediate future and in the long-range planning of the railroads for the improved railway service which they intend to give to America."

In railroad circles, it was reported, informal discussions have been going on, among leading roads, looking to possible organization of a firm to bid for the sleeping car firm should Pullman Inc. decide to rid itself of that subsidiary in accordance with the court decree.

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## Phil S. Hanna

EVERYBODY'S BUSINESS:

South Shore, Unique Railroad—  
Pullman Case

**T**IME was when the supposed "ideal" capital structure of a railroad was a large amount of 999-year bonds and a small amount of stock. You "hired" your capital at wholesale and at low rates, indefinitely. There was no other transportation but the horse and wagon and/or buggy—and many thought there never would be.

But how times change!

Last Tuesday a group of Chicago investment bankers offered for sale 249,556 shares of the common stock of the Chicago South Shore and South Bend Railroad, which railroad, be it known, has no bonds and no preferred stock.

**Simple Balance Sheet.**

—And the road's balance sheet, too, is one that a layman can understand without the help of a certified public accountant. There are just four items on the asset side, road and equipment, investments, current assets and prepaid charges. The liability side of the statement is equally simple.

Of course it is a small railroad as railroads go, but I found much interest in reading a railroad income and balance sheet that one could mentally balance off against the physical. There is approximately 70 miles of railroad including equipment carried at approximately \$13,000,000. That is about \$190,000 a mile. Modern vehicle highways cost that much these days, for the road alone.

The road's investment in subsidiary terminal and bus facilities—the bus line serves Benton Harbor and St. Joseph from Michigan City—curiously is carried at \$3. The cash and U.S. bond account totals about \$1,750,000, and among current liabilities is an accrual for federal income taxes—all of which is changed reading matter from the "good old" days.

Those interested in the growth of earnings of this line will note that in 1943 gross income was more than twice the gross of 1938 and also twice that of 1939.

And you learn something useful about the growth of the communities along the south end of Lake Michigan by reading this "tentative and preliminary draft" put out by the bankers. Hammond has grown from 20,925 in 1910 to 70,184 in 1940; East Chicago has grown from 19,098 to 54,637, and the total population of Lake County (Ind.) grew from 52,864 in 1910 to 293,195 in 1940.

Gary has had considerable advertising, but how many are aware that against a population of 16,802 in 1910 and 55,378 in 1920

the 1940 population was 111,719? Michigan City has gained 7,000 since 1920, having in 1940 a population of 26,476. St. Joseph County, Michigan, in which are St. Joseph and Benton Harbor, gained nearly 60,000 between 1920 and 1940, having a population of 161,823 in 1940. South Bend went from 70,893 in 1920 to 101,268 in 1940.

Speaking of railroads, a nice little point comes up in connection with the recent decree of the three-judge Federal Court at Philadelphia holding that the Pullman Co. must give up either its car manufacturing or its car operating business. It is tantamount to declaring that a man who furnishes a service to the public cannot make his own tools. There isn't much sense in talking about democracy and freedom with that doctrine in the ascendancy.

That restrictive principle applied to a plumber or a small-town dairyman who peddles his own milk would force the introduction of another middle man and raise prices. And haven't we been told these many years that it is "middleman's profits" that penalize both producer and consumer?

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Also interesting is the fact that if it were established that the man who renders a service cannot manufacture his own tools, then the railroads themselves could not make their own cars or engines or any other of the numerous "tools" they make for their own use.

There is less than common sense and nothing gained by destruction of a public service that operates efficiently and at low cost to the public. Besides there won't be a body of legal precedents that anybody can rely on if the courts continue this business of making laws to fit cases.

More than 60 years ago the State of Illinois gave the Pullman Co. a charter to make cars and to rent them to railroads. The company has operated under that charter, and the Interstate Commerce Commission has regulated the company continuously ever since. Today the federal government cannot plead lack of power to regulate or to tax.

Hence any ill that cannot be cured by the power to regulate or tax certainly is not likely to be cured by forcing a public servant to give up part of his business merely because he has become large. The court of course could have recognized this truth, but encouragement of nostrums seems to be the order of the day.

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More than 60 years ago the State of Illinois gave the Pullman Co. a charter to make cars and to rent them to railroads. The company has operated under that charter, and the Interstate Commerce Commission has regulated the company continuously ever since. Today the federal government cannot plead lack of power to regulate or to tax.

Hence any ill that cannot be cured by the power to regulate or tax certainly is not likely to be cured by forcing a public servant to give up part of his business merely because he has become large. The court of course could have recognized this truth, but encouragement of nostrums seems to be the order of the day.

70

San Francisco Examiner  
July 11, 1944

## No Appeal in Pullman Suit

Firm Accepts Order to  
Split Business

CHICAGO, July 10.—(INS)—Pullman, Inc., will not appeal to the United States Supreme Court the decision of a Philadelphia Federal court ordering the firm to separate its car servicing and car manufacturing operations, D. A. Crawford, president, said in letters to the stockholders today.

The Government brought the action under the Sherman and Clayton Anti-Trust Acts.

Crawford explained the company's decision was made in the belief that the supreme court might not give the company liberty of choice in retaining either the sleeping car or the car manufacturing business.

He recalled that the district court refused to accede to the request of the Department of Justice that the company be denied the right of making its own choice, and said, referring to the possibility that the supreme court might take an opposite view:

"Stockholders will readily understand the difficulties which would be faced in seeking to protect their investments if the management were to be restricted in the manner desired by the Government and deprived of flexibility of action in conducting negotiations for disposition of the property and other assets of one or the other of the going businesses now conducted by the subsidiaries of this corporation."

The \$131,000,000 company has ninety days from July 7 to advise the court of its plans for separation, which the court must approve.

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Birmingham Herald  
Birmingham  
July 20, 1944

### PULLMAN TO QUIT SLEEPER BUSINESS

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The action was taken, a company statement said, "in order to carry out the requirements of the decree entered on May 8 in the U. S. District Court at Philadelphia in the government's anti-trust suit against the Pullman group of companies."

By the decision, the company from now on will be in the business of manufacturing railroad cars and equipment.

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before Oct. 5, 1944, for approval."

New York Journal-American

Thurs., July 20, 1944.

### Pullman to Drop Its Sleeping Cars

Pullman, Inc., today announced it would "endeavor to dispose of its sleeping car business to carry out requirements of the decree entered May 8 in the U. S. District Court at Philadelphia in the Government's anti-trust suit against the Pullman group of companies."

Pullman plans to manufacture railroad cars and equipment. It will submit the plan to the court on or before Oct. 5.

The company also voted a capital stock dividend of 50 cents a share, payable Sept. 15 to holders of Aug. 23.

THE NEW YORK SUN.  
JULY 20, 1944.

### RAILS MAY DEVISE PLAN FOR PULLMAN

The disposal of the sleeping car business of Pullman, Inc., which directors of the company formally decided yesterday to segregate, is likely to fall into the lap of the Association of American Railroads, which had much to do in the 1920s with the analogous case of the Railway Express Agency, taken over by the railroads from the American Railway Express Company.

The A. A. R. meets a week from tomorrow in Washington and may take up the matter then. Heretofore it has awaited formal announcement by the Pullman, Inc., board of its decision through the option it had under the decree of the Federal Court entered on May 8.

Whether the association evolves a plan depends upon whether a majority of the Class I railroads using Pullman equipment desire to continue operation of the sleeping car company as a central operating pool, or whether they wish to break it up either through formation of regional pools or through the purchase of equipment by individual carriers.

There is much to be said for a single central pool as against regional pools, and experience has indicated that operation through the Pullman Company of the sleeping car business has been on a basis cheaper and more efficient than most individual railroads could hope to do themselves.

When the Railway Express Agency was formed in 1928 it issued 1,000 shares of capital stock at \$100 a share to participating railroads and issued \$32,000,000 of an authorized \$50,000,000 of 5 per cent bonds, which were sold at par to the public. The bonds were not secured by mortgage, but the traffic agreements executed by the various railroads were pledged under the indenture. The Railway Express Agency used more than \$30,000,000 of the proceeds to buy the express business from American Railway Express.

NEW YORK TIMES,  
JULY 20, 1944.

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Birmingham Herald  
Birmingham  
July 30, 1944

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July 20, 1944

## Pullman Inc. Announces Decision to Give Up Sleeping Car Business

Will Submit to Court Program to Conform With Its Decree in Anti-Trust Suit

Pullman Inc. yesterday announced that it will endeavor to dispose of its sleeping car business, in conformance with the decree entered on May 8, 1944, in the U. S. District Court of Philadelphia in the Government's anti-trust suit against the Pullman group of companies.

A special three-judge court in May ordered Pullman, Inc., to give up either of the two major lines of business conducted by the company—its railroad car manufacturing business or its sleeping car business.

The effective date of the court decree was July 7 and Pullman has agreed to submit to the court on or before October 5, 1944, a plan to effectuate the separation of the business decided upon at yesterday's meeting of the board of directors. The company has a further period of one year in which to put the plan into effect.

The method of disposing of the sleeping car business, conducted by a subsidiary, Pullman Co., apparently has not been decided upon.

While it has been a general assumption that the sleeping car subsidiary of Pullman would be taken over jointly by the railroads and operated along the lines of the cooperative Railway Express Agency, nothing official or definite along this line has transpired.

On the other hand, some railroad officials are represented as believing it is unlikely that a jointly owned railroad subsidiary will be formed. Rather, it is said, individual railroads may prefer to acquire some of the Pullman equipment on their lines; or railroads in various sections of the country may group together in pools to purchase the Pullman equipment needed by them. In the latter event, there would be several pools throughout the country.

The Association of American Railroads is understood to have taken no action in the matter but now that Pullman has made a formal election to retain its car manufacturing business and dispose of the sleeping car business, it is possible that directors of the A. A. R. may canvass the situation at their meeting on July 28 in Washington.

The court decree prohibits interlocking directors among the Pullman companies and forbids officers or directors of one company from holding securities in the other. These provisions have been interpreted as obviating the distribution of shares in a newly formed sleeping car company among present stockholders of the parent company.

## Pullman Has Had No Offers

CHICAGO — Pullman Inc. officials here said they have received no offers for the sleeping car company. A committee has been formed to work out a plan of sale to present to the court on or before October 5.

NEW YORK HERALD  
TRIBUNE,  
JULY 20, 1944

## Pullman Votes To Give Up Its Service Units

Corporation to Confine All Activity to Manufacture Under Anti-Trust Decree

Directors of Pullman, Inc., announced yesterday that the company would "endeavor to dispose of its sleeping car business" in keeping with a United States District Court decree which ordered the Pullman group of companies to separate their railroad-car manufacturing from their business of servicing sleeping cars.

The announcement, made here following a meeting of the directors of Pullman, Inc., also stated that the directors decided to prepare a plan to effectuate the disposition of the sleeping car business to be submitted to the court on or before Oct. 5.

Under that company decision, the organization from now on will confine itself to the business of manufacturing railroad cars and equipment.

The directors' decision was directly contrary to the original intent of the Department of Justice, which asked that the company be ordered to stay in the servicing business and dispose of its manufacturing. The United States District Court of Philadelphia rejected this government demand.

Action of the directors of Pullman, Inc., grows out of a decree entered on May 8 in the court in the government's anti-trust suit against the Pullman group.

At that time, the three-judge Federal Court, held that the Pullman companies exercised an illegal monopoly of building and servicing railway sleeping cars and ordered the group to give up one business or the other.

The decree came as a climax to the government's four-year-old anti-trust suit, which named Pullman, Inc., the Pullman Company, which provides "personal service" aboard sleeping cars; the Pullman-Standard Car Manufacturing

Company, the Pullman Car and Manufacturing Corporation of Alabama and thirty-one officers and directors, including Alfred P. Sloan Jr., Harold S. Vanderbilt and Richard K. Mellon.

Under the decree officers and directors of any one Pullman company are prohibited from holding securities in any other, and from serving on the boards of any other.

The court directed that the companies file a plan for the separation within a year and specified that if the plan is not acceptable, the court itself will make a proposal.

At the time of the decree the servicing company had "exclusive right" contracts with railroad companies under which railroads desiring Pullman service had to agree to use it over all their lines, the alternative being for the railroads to provide their own sleeping cars and, service without access to the pool of Pullman sleeping cars.

The manufacturing unit had no exclusive right contract, but it supplied the servicing unit with sleeping cars.

The court ruled that the servicing company may acquire new cars only through competition and not exclusively from its associate. The servicing company was directed to supply other car manufacturers with specifications for any new cars it desires.

Speculation in railroad circles has centered around the question of who might buy the Pullman Company. Among the possibilities, it was hinted, is purchase of the Pullman Company by railroads themselves, but it was pointed out that this might involve considerable difficulties, among them the division of the fleet of more than 7,700 Pullman cars now assigned to the different railroad companies.

Officials of the company pointed out that they could, under the court decree, sell the sleeping car business to any individual or combination which wanted to buy, except stockholders of Pullman, Inc. If the company were sold to the railroads, there are 139 Class 1 carriers which might become joint owners.



## Pullman Will Drop Sleeping Cars

### Company to Prepare Sale Plan in Accord With Decree

Pullman, Inc., has elected to dispose of its sleeping car business in order to meet the requirements of the decree in the Government's anti-trust suit against the Pullman group of companies, it was announced yesterday after a meeting of the company's board of directors here.

The decree, entered May 8 in the United States District Court in Philadelphia, left the company with the choice of disposing of the sleeping car business operated by the Pullman Co. or the car manufacturing business of the Pullman-Standard Car Manufacturing Co., both of which are subsidiaries of Pullman, Inc. D. A. Crawford, president of the parent company, recently announced that the company would not appeal the lower court's decision to the United States Supreme Court, fearing that such a move might cost the company the freedom of choice in deciding which branch of its operations it would retain.

#### To Prepare Plan

A statement issued after the directors' meeting yesterday said the company would "endeavor to dispose of its sleeping car business," and "to prepare a plan to effectu-

ate such disposition, to be submitted to the court on or before October 5, 1944, for approval."

Pullman directors were believed to have weighed the postwar prospect of the sleeping car business against those for the railroad equipment industry in reaching their decision as to which branch of the business they would retain. Serious inroads into the sleeping car business by air transport are anticipated by many observers after the war. On the other hand the car manufacturing business is expected to be brisk for some years, due to the need of modernization of passenger equipment by many railroads. Pullman has been active in designing new types of equipment, including sleeping cars, for the postwar period and the manufacturing company is expected to push these developments regardless of the disposition of the sleeping car company.

There are several possibilities in connection with the sale of the sleeping cars. One of these involves disposal of the cars to individual railroads. Experiences which the carriers have had in the past in operating their own equipment of this type have not been such, generally speaking, as to make them desire to follow this course, according to railroad executives.

One of the main advantages which has been claimed for Pullman Co. operation has been the fact that its 7,766 cars provides the

nation's railroads with a pool of equipment. The railroads' requirements for cars vary with the seasons and with such special events as conventions, big sports contests and other factors. It would be costly for a single road to hold sufficient cars in reserve to meet its needs at peak times. Consequently, this offers another reason why sale of the cars to individual carriers is regarded as unlikely.

Another possibility might be the formation of a company by the railroads along the lines of the Railway Express Agency to take over the sleeping car business. There are said to have been some aspects of operation of the express business by a company owned by the carriers which make some railroad officials hesitant to support such a method of handling the Pullman problem. There is also apprehension that such a company might be dominated by the larger carriers. Allocation of subscriptions by the railroads would also offer a problem, although average Pullman revenues might be used as a basis.

A third proposal which has been put forward would involve operation of sleeping cars by the Eastern, Western and Southeastern regional railroad organizations. However, this would make necessary the purchase of additional equipment to meet peak demands in the same manner as would the operation of the cars by the individual roads.

## Pullman Plans To Dispose Of Sleeper Unit

NEW YORK, July 20 (AP)—Directors of Pullman, Inc., announced yesterday after a meeting that the company would endeavor to dispose of its sleeping car business.

The action was taken, a company statement said, "in order to carry out the requirements of the decree entered on May 8 in the U. S. District Court at Philadelphia in the Government's anti-trust suit against the Pullman group of companies."

By the decision, the company from now on will be in the business of manufacturing railroad cars and equipment.

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before Oct. 5, 1944, for approval."

Speculation in railroad circles has centered around the question of who might buy the Pullman Co. subsidiary which operates the sleeping car business. Car and equipment manufacturing is through another subsidiary, the Pullman-Standard Car Manufacturing Co.

One of the strongest possibilities, these circles said, is purchase of the Pullman Co. by railroads themselves. An example cited was the Railway Express Agency, which is owned by the carriers.

If the company were sold to the railroads, there are 139 Class I carriers which might become joint owners.

The directors' decision was directly contrary to the original intent of the Department of Justice, which had asked that the company be ordered to stay in the servicing business and dispose of its manufacturing. Federal Court at Philadelphia rejected this Government demand.

Prior to yesterday's decision, Pullman President D. A. Crawford said the company had not appealed the order to dispose of one or the other firms because it feared the Supreme Court might jeopardize the company's freedom of choice.

Under the decree as issued there may be no interlocking directors among Pullman, Inc., Pullman Co., Pullman-Standard Car Manufacturing Co., or Pullman Car & Manufacturing Corp. of Alabama. Officers or directors of one Pullman company also are prohibited from holding securities in any other.

Kansas City Star  
July 21, 1944

## Pullman Firm and George, The Porter, Parting Company

Sleeping Car Manufacturers Arrange to Give Up Operating  
End of the Business—The Railroads Themselves May Take Over.

NEW YORK, July 20 (AP)—Decision of Pullman, Inc., to divorce itself from the sleeping car business left hanging in the balance today the fate of that American institution, the Pullman porter usually known as George.

Pullman directors, who have until October 5 to make their decision of yesterday effective as ordered by federal court, had to drop either car service or equipment manufacturing.

They thought of George and their president, D. A. Crawford, expressed hope George and his fellows would continue as a unit, but decided to keep on making railroad equipment. There's more money in it, and Pullman is the largest manufacturer in the field.

The railroads who have been hauling Pullman cars may turn out to be George's new boss.

Disposal of the sleeping car business, speculation says, may be to major carriers who would take over the 7,000-odd Pullman cars under a joint ownership similar to that now controlling Railway Express agency.

So George may continue his business of shoe-horning 6-foot-6 passengers into and out of upper berths.

But the Society for the Prevention of Calling Pullman Porters George may want to change its name.

The decision under which Pullman must split up resulted from a suit under the Sherman and Clayton anti-trust acts instituted last year. The Department of Justice asked that Pullman be ordered to continue car service and divest itself of manufacturing.

Pullman asked and got a choice and, President Crawford said, didn't appeal the final ruling for fear of jeopardizing that freedom of action.

Pullman originated more than three-quarters of a century ago. George Pullman's first car, the Pioneer, was too wide for most station platforms and business was poor. Then the Pioneer was chosen for President Lincoln's funeral coach and the roads made their equipment fit. Finally, as Pullman's Palace Car company, the company incorporated in Illinois in 1867.

MODERN TRANSPORT  
LONDON  
7/9/44

### Pullman and the Anti-Trust Laws

ON July 20, 1940, the United States Government filed an anti-trust suit against Pullman Incorporated, and on May 8 of this year a final judgment handed down by the Federal District Court at Philadelphia ordered that the company should separate the sleeping car business operated by its subsidiary, the Pullman Company, from the manufacturing business conducted by its subsidiary, the Pullman-Standard Car Manufacturing Company. The decree is to take effect at the end of 60 days from May 8, unless within that time an appeal is made, in which case it will take effect on the day on which the mandate of the Supreme Court is filed in the District Court at Philadelphia. The decree prohibits transfer of property. Pullman group cannot be stated until a thorough study and analysis has been made of the effect of the decree.

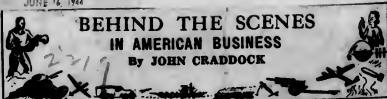
### FULTON, KY

NEWS  
7/14/44

### TOOL-MAKING THREATENED

In the next few weeks, we'll see the climax of a development of unusual significance to American business. On July 7 a federal district court decree ordering the disintegration of one of the nation's most important war (and peace) industries is scheduled to become effective. That a major war producer be disabled in the midst of war is astounding enough, but the case may have even more far-reaching peacetime results. After several years of litigation, the Pullman organization has been ordered by the court to give up its sleeping car manufacturing business or its operation of sleeping cars, with which it serves nearly all of the nation's railroads. The company, producer of ships, tanks, shells, guns, aircraft subassemblies and a long list of ordnance equipment, and carrier of a heavy portion of military and civilian railroad passenger traffic, was ordered to split itself because of its "sole occupancy" of the sleeping car field. David A. Crawford, president of the company, which in peacetime builds its own sleeping cars, says the decree "involves and threatens the fundamental right of a contractor to make for himself the tools with which he does his job," and while Pullman is studying the order, it is this issue that is drawing unusual current attention in business circles.

WELL, NEW PROOF  
JUNE 14 1944



At this time of the year most people are thinking of vacations but for the last two years, at least, war production needs have made the usual summer rest period a thing of fond memory for many. This year, however, many leading war production plants, with the blessing of Donald Nelson, head of the War Production Board, and other high government officials, are urging their employees to take time off for rest. Their purpose is not entirely altruistic but also based on the widely accepted theory that a rested worker is a better worker. Moreover, experience has proven that absenteeism during the summer months is greatly reduced when a regular vacation schedule is in effect.

Industry's vacation plans for its employees are being worked out so that full production schedules can be maintained, following the suggestion of Donald Nelson that "if workers want a vacation their fellow workers might plan to do an extra stint while they are away." While officially approved vacations will undoubtedly tend to increase the summer resort business, the important factor is that well-planned periods of rest and relaxation will mean more efficient workers to maintain or increase the America war production records which have astounded the world—including that man Hitler. It might be added that all of the major plans of industry contemplate "vacations with pay."

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MODERN TRANSPORT  
LONDON  
7/8/44

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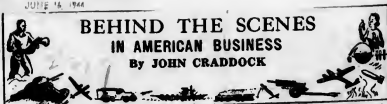
FULTON, KY  
NEWS

7/14/44

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WELL-KNOWN PRODUCTION  
JULY 14, 1944



### BEHIND THE SCENES IN AMERICAN BUSINESS By JOHN CRADDOCK

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Phil S.

# Hanna

EVERYBODY'S BUSINESS:

South Shore, Unique Railroad—  
Pullman Case

TIME was when the supposed "ideal" capital structure of a railroad was a large amount of 999-year bonds and a small amount of stock. You "hire" your capital at wholesale and at low rates, indefinitely. There was no other transportation but the horse and wagon and/or buggy—and many thought there never would be.

But how times change!

Last Tuesday a group of Chicago investment bankers offered for sale 249,556 shares of the common stock of the Chicago South Shore and South Bend Railroad, which railroad, be it known, has no bonds and no preferred stock.

Simple Balance Sheet.

And the road's balance sheet, too, is one that a layman can understand without the help of a certified public accountant. There are just four items on the asset side, road and equipment, investments, current assets and prepaid charges. The liability side of the statement is equally simple.

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Speaking of railroads, a nice little point comes up in connection with the recent decree of the three-judge Federal Court at Philadelphia holding that the Pullman Co. must give up either its car manufacturing or its car operating business. It is tantamount to declaring that a man who furnishes a service to the public cannot make his own tools. There isn't much sense in talking about democracy and freedom with that doctrine in the ascendancy.

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Also interesting is the fact that if it were established that the man who renders a service cannot manufacture his own tools, then the railroads themselves could not make their own cars or engines or any other of the numerous "tools" they make for their own use.

There is less than common sense and no going back to destruction of a public service that operates efficiently and at low cost to the public. Besides there won't be a body of legal precedents that anybody can rely on if the courts continue this business of making laws to fit cases.

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Hence any ill that cannot be cured by the power to regulate or tax certainly is not likely to be cured by forcing a public servant to give up part of his business merely because he has become large. The court of course could have recognized this truth, but encouragement of nostrums seems to be the order of the day.

(NEW YORK CITY)

Pr. 7,050

JUL 15 1944

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PITTSBURGH, PA.

POST-GAZETTE

Cir. D. 235,839

20 1944

## Pullman Will Sell Sleepers

Selection of Business  
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By the decision, the company from now on will be in the business of manufacturing railroad cars and equipment. The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before October 5, 1944, for approval."

Phil S.

## Hanna

EVERYBODY'S BUSINESS:

South Shore, Unique Railroad—  
Pullman Case

TIME was when the supposed "ideal" capital structure of a railroad was a large amount of 999-year bonds and a small amount of stock. You "hired" your capital at wholesale and at low rates, indefinitely. There was no other transportation but the horse and wagon and/or buggy—and many thought there never would be.

But how times change!

Last Tuesday a group of Chicago investment bankers offered for sale 249,556 shares of the common stock of the Chicago South Shore and South Bend Railroad, which railroad, be it known, has no bonds and no preferred stock.

Simple Balance Sheet.

—And the road's balance sheet, too, is one that a layman can understand without the help of a certified public accountant. There are just four items on the asset side, road and equipment, investments, current assets and prepaid charges. The liability side of the statement is equally simple.

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The road's investment in subsidiary terminal and bus facilities—the bus line serves Benton Harbor and St. Joseph from Michigan City—curiously is carried at \$3. The cash and U.S. bond account totals about \$1,750,000; and among current liabilities is an accrual for federal income taxes—all of which is changed reading matter from the "good old" days.

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Peril to Railroads.

Also interesting is the fact that if it were established that the man who renders a service cannot manufacture his own tools, then the railroads themselves could not make their own cars or engines or any other of the numerous "tools" they make for their own use.

There is less than common sense and good sense in the destruction of a public service that operates efficiently and at low cost to the public. Besides there won't be a body of legal precedents that anybody can rely on if the courts continue this business of making laws to fit cases.

More than 60 years ago the State of Illinois gave the Pullman Co. a charter to make cars and to rent them to railroads. The company has operated under that charter and the Interstate Commerce Commission has regulated the company continuously ever since. Today the federal government cannot plead lack of power to regulate or to tax.

Hence any ill that cannot be cured by the power to regulate or tax certainly is not likely to be cured by forcing a public service to give up part of his business merely because he has become large. The court of course could have recognized this truth, but encouragement of nostrums seems to be the order of the day.

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(NEW YORK CITY)  
Cir. 7.050  
JUL 15 1944  
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PITTSBURGH, PA.  
POST-GAZETTE  
Cir. D. 235,839

JUL 20 1944  
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PITTSBURGH, PA.  
POST-GAZETTE  
Cir. D. 235,879

JUL 20 1944

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By the decision, the company from now on will be in the business of manufacturing railroad cars and equipment.

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before October 5, 1944, for approval."

BUFFALO, N. Y.

NEWS  
Cir. D. 248,006

JUL 20 1944

## PULLMAN DECISION TO MEAN DISPOSAL OF CAR SHOP HERE

The decision of Pullman Inc. late Wednesday to "endeavor to dispose of its sleeping-car business" in favor of the manufacture of railroad cars and equipment will mean the disposal by Pullman of its large car-repair shops at 1770 Broadway. The shops are operated by the Pullman Company, sleeping-car affiliate of Pullman Inc., the parent company. The manufacturing subsidiary is the Pullman-Standard Car Manufacturing Company. The local shops normally employ 600 to 700 workers. Local executives today declined to comment.

Also hanging in the balance is the fate of that American institution, the Pullman porter usually known as George. In making the decision, Pullman's President D. A. Crawford said the Pullman porter George and his fellow-workers would continue as a unit.

The Pullman statement said directors had decided "to prepare a plan to effectuate" disposition of the sleeping-car affiliate, but gave no indication of potential purchasers.

### Roads Might Take Over

The plan will be submitted to the U. S. District Court at Philadelphia on or before Oct. 5. One possibility, railroad circles said, is the purchase of the Pullman Company by the railroads themselves. One big difficulty here, however, would be the division of the fleet of some 7,766 Pullman cars among the different railroad companies.

Some high railroad executives, it was said, have not been satisfied with the operation of the Railway Express Agency, which now is owned by the railroads, and they would prefer not to become involved in another joint railroad enterprise that might cause additional headaches.

These executives point out that operation of the cars by Pullman has provided a natural car pool, which in normal times transferred cars to areas where they were needed—such as Florida in the Winter—but that individual railroad operation would require many more cars in the aggregate.

Alternate Plan Would Be Unwisely  
Without a car pool, individual railroads would require many idle cars in slack periods to meet peak demands.

The decision under which Pullman must split up with Pullman from a suit under the Sherman & Clayton Anti-Trust Acts instituted last year. The Department of Justice asked that Pullman be ordered to continue car service to the best itself of manufacturing. Pullman asked and got a choice and, President

Crawford said, didn't appeal the final court ruling May 8 for fear of jeopardizing that freedom of action.

Pullman officials said they could, under the court decree, sell the sleeping car business to any individual or combination which wanted to buy, except stockholders of Pullman Inc.

Pullman originated more than three-quarters of a century ago. The present concern resulted from mergers continuing through 1934 that made Pullman Inc. a holding company with consolidated assets of more than \$330,000,000 and annual earnings that recently have been close to the \$10,000,000-mark.

BALTIMORE, MD.  
EVENING SUN

Circ. D. 158,739

JUL 20 1944

## Pullman Firm To Quit Sleeping-Car Business

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### Speculation On Buyer

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before October 5, 1944, for approval."

Speculation in railroad circles has centered around the question of who might buy the Pullman Company subsidiary which operates the sleeping-car business, Car and equipment manufacturing is through another subsidiary, the Pullman-Standard Car Manufacturing Company.

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### Cars May Be Divided

But railroad circles said this might involve considerable difficulties. One would be division of the

fleet of some 7,766-odd Pullman cars among the different railroad companies.

It was suggested that perhaps a decision could be based on how much Pullman business each company had done in the past.

Officials of the parent company said they could, under court decree, sell the sleeping-car business to any individual or combination which wanted to buy, except stockholders of Pullman, Inc.

If the company were sold to the railroads, there are 139 Class I carriers that might become joint owners.

### Decisions Differ

The directors' decision was directly contrary to the original intent of the Department of Justice, which had asked that the company be ordered to stay in the servicing business and dispose of its manufacturing. Federal Court at Philadelphia rejected this Government demand.

Prior to the decision, Pullman President D. A. Crawford said the company had not appealed the order to dispose of one or the other firms because it feared the Supreme Court might jeopardize the company's freedom of choice.

Under the decree as issued there may be no interlocking directors among Pullman, Inc., Pullman Company, Pullman-Standard Car Manufacturing Company or Pullman Car and Manufacturing Corp. of Alabama. Officers or directors of one Pullman company also are prohibited from holding securities in any other.



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JULY 20, 1944  
DENVER COLO. POST  
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## PULLMAN TO LEAVE SLEEPER FIELD

### Directors Decide to Limit Firm to Manufacturing; Court Decree Cited

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But railroad circles said this might involve considerable difficulties. One would be division of the fleet of some 7,766-odd Pullman cars among the different railroad companies.

It was suggested that perhaps a decision could be based on how much Pullman business each company had done in the past.

BUFFALO, N. Y.  
COURIER EXPRESS  
Cir. D. 121,672 — S. 202,510

JUL 20 1944

## Pullman Plans to Dispose Of Sleeping Car Business

New York, July 19 (AP)—Directors of Pullman, Inc., announced today after a meeting that the company would "endeavor to dispose of its sleeping car business."

The action was taken, a company statement said, "in order to carry out the requirements of the decree entered on May 8 in the U. S. District Court at Philadelphia in the government's anti-trust suit against the Pullman group of companies."

By the decision, the company from now on will be in the business of manufacturing railroad cars and equipment.

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before October 5, 1944, for approval."

Speculation in railroad circles has centered around the question of who might buy the Pullman Co. subsidiary which operates the sleeping car business. Car and equipment manufacturing is through another subsidiary, the Pullman-Standard Car Manufacturing Co.

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JULY 20, 1944  
DENVER COLORADO POST  
**PULLMAN WILL QUIT  
SLEEPING CAR FIELD**

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PHILADELPHIA, PA.  
BULLETIN  
Cir. D. 462,626

JUL 20 1944

## PULLMAN TO LEAVE SLEEPER FIELD

### Directors Decide to Limit Firm to Manufacturing; Court Decree Cited

New York, July 20.—(AP)—Directors of Pullman, Inc. announced after a meeting Wednesday that the company would endeavor to dispose of its sleeping car business.

The action was taken, a statement said, in order to carry out the requirements of the decree entered on May 8 in the U. S. District Court at Philadelphia in the Government's anti-trust suit against the Pullman group of companies.

The company from now on will be in the business of manufacturing railroad cars and equipment.

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before October 5, 1944, for approval."

Speculation in railroad circles has centered around the question of who might buy the Pullman Co., the subsidiary which operates the sleeping car business. Car and equipment manufacturing is through another subsidiary, the Pullman-Standard Car Manufacturing Co.

One of the strongest possibilities, these circles said, is purchase of the Pullman Co. by railroads themselves. An example cited was the Railway Express Agency, which is owned by the carriers.

But railroad circles said this might involve considerable difficulties. One would be division of the fleet of some 7,766-odd Pullman cars among the different railroads.

It was suggested that perhaps a decision could be based on how much Pullman business each company had done in the past.

Officials of the parent company said they could, under the court decree, sell the sleeping car business to any individual or combination which wanted to buy, except stockholders of Pullman, Inc.

If the company were sold to the railroads, there are 139 Class I carriers which might become joint owners.

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EOKOMO, Ind., TRIB-DISPATCH  
Thursday, July 20, 1944

## Pullman Company To Discontinue Sleeper Making

New York, July 20.—(AP)—Directors of Pullman, Inc., announced Wednesday after a meeting that the company would endeavor to dispose of its sleeping car business.

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RAILWAY AGE  
(NEW YORK CITY)

JUL 29 1944

## Pullman Chooses to Stay in Manufacturing

Directors of Pullman, Inc., have exercised the option given them by the court, in decreasing that the company should not engage both in manufacturing and in the operation of sleeping cars, and have decided to retain their manufacturing business and to withdraw from sleeping car operation. The company has until October 5 to submit a plan to the court for the disposal of its sleeping car business.

JUL 29 1944

## Pullman Splits

Decision to abandon its sleeping car subsidiary under court pressure creates rate and operating problems for industry.

The directors of Pullman, Inc., are in the throes of planning, in accordance with an adverse federal court antitrust decision, how to divorce its sleeping car business (Pullman Co.) from its car manufacturing operations (Pullman-Standard Car Mfg. Co.).

As predicted (BW—Jul.15'44,p38), Pullman decided to liquidate its sleeping car service and retain its car-making subsidiary when ordered to dispose of one or the other by the court (BW—May13'44,p26). The severance plan must be submitted to the court for approval by Oct. 5.

● **Future Is Puzzling**—Restrictions placed on the successor or purchaser of Pullman Co. cast doubt on whether that company can be continued as a going concern. The court forbids Pullman Co. to have as an officer or director anyone who is also an officer or director of a railroad company that is using its services.

This might result in the piece-meal sale of the 7,000-odd Pullman cars to operating railroads. In this connection, railroad executives are wondering whether the prohibition would stand in the way of the Assn. of American Railroads' setting up a nonprofit sleeping car pool in which all carriers could participate.

● **Equipment and Rate Problems**—Breakup of the Pullman Co. sleeping car pool, operated since the Civil War, might handicap smaller railroads. Larger passenger carriers could afford to buy extra cars, creating their own pool to meet emergencies. Smaller companies would be on the spot, might be forced to abandon lightly traveled sleeper runs.

The differential rates for coach and first-class service, set in 1933, may also come up for revision. If railroads own both types of services, rate parity might return to the American scene.

● **Rate Record**—During the World War, the government made an additional charge for service in first-class cars. After this charge was abandoned, railroads obtained the Pullman surcharge on sleeper accommodations, amounting to about 0.6¢ a mile. When coach trains were developed in the early thirties, the surcharge was abandoned. It was replaced by a differential of a cent a mile between coach and first-class fares.

NEW CASTLE DEL. GAZETTE  
JUL 29 1944

## "The Inside On American Business"

By JOHN CREDDOCK

Bargains in post-war ideas! Step right up folks and help yourselves!

When America entered the war Uncle Sam seized 45,000 patents and patent applications of foreign corporations in this country. For 10 cents apiece copies are now being made available by the Office of the U. S. Alien Property Custodian. In any one of these patents there may be the opportunity of a lifetime for manufacturers, engineers, chemists, skilled production workers, or anyone else with a knack for organizing and for making things.

Enemy countries have spent millions of dollars developing the patents. Yet by investing 10 cents for a copy of a patent and \$15 for a license to use it, one may glean knowledge that will lead to a fortune.

NO APPEAL—Latest development in the Pullman Inc. case is the announcement by David A. Crawford, president, that the company will not appeal the order of the U. S. District Court in Philadelphia requiring Pullman to dispose of either its manufacturing business or sleeping car business.

THINGS TO COME—New fabrics for post-war use woven from fibres of the ramie, pineapple and milkweed, and blended with the hair of the rabbit, muskrat, sheep, dog and camel. Block-out ink for obliterating old markings on paper shipping cartons, wooden boxes and crates so that the containers can be restencilled and used again. Cheaper dollar bills, but not because of inflation. To save on paper, the Treasury Department is printing experimentally dollar bills on a lighter grade of stock and stamping them with a big red S. This is to distinguish them from bills printed on customary paper which will be stamped with a red R.

KOKOMO, Ind., TRIB.-DISPATCH  
Thursday, July 20, 1944

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## RAILWAY AGE (NEW YORK CITY)

JUL 22 1944

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Directors of Pullman, Inc., have exercised the option given them by the court, in decreeing that the company should not engage both in manufacturing and in the operation of sleeping cars, and have decided to retain their manufacturing business and to withdraw from sleeping car operation. The company has until October 5 to submit a plan to the court for the disposal of its sleeping car business.

JUL 28 1944

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The differential rates for coach and first-class service, set in 1933, may also come up for revision. If railroads own both types of services, rate parity might return to the American scene.

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NEW CASTLE, DEL. GAZETTE  
JULY 20, 1944

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80

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Thursday, July 20, 1944

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NEW CASTLE, DEL. GAZETTE  
JULY 20, 1944

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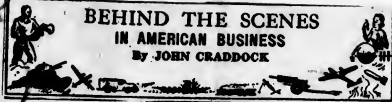
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## BEHIND THE SCENES IN AMERICAN BUSINESS

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The decision not to appeal may be a surprise to some followers of the case, but Mr. Crawford, in a letter to stockholders, explained it very clearly. The company's directors, he said, were "obliged to recognize that if an appeal were taken, the freedom of choice permitted by the decree would be put in grave jeopardy because the supreme court might prefer to adopt the view of the dissenting judge in the

district court, who was of the opinion that no such freedom of choice should be permitted.

"To safeguard this essential freedom, your directors believe that the decision not to appeal is for this reason in the best interests of the corporation, its stockholders and its employees. Moreover, the taking of an appeal would necessarily have prolonged a period of legal uncertainty and would have left the railroad users and the sleeping car service, and the railroad buyers who have been accustomed to look to Pullman-Standard for supplies of both freight and passenger equipment hampered in their dealings with the Pullman group of companies, both in the immediate future and in the long-range planning of the railroads for the improved railway services which they intend to give to America."

ROCHESTER, N. Y.

TIMES-UNION

Cir. D. 105,279

JUL 20 1944

## Pullman Quits Railroading; Fate of 'George' in Doubt

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Pullman directors, who have until Oct. 5 to make their decision of yesterday effective as ordered by Federal Court, had to drop either car service or equipment manufacturing.

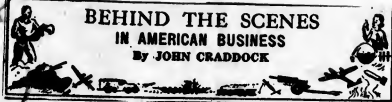
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The railroads who have been hauling Pullman cars may turn out to be George's new boss. Disposal of the sleeping car business, speculation says, may be to major carriers who would take over the 7,000-odd Pullman cars under a joint ownership similar to

that now controlling Railway Express Agency.

The decision under which Pullman must split up resulted from a suit under the Sherman and Clayton anti-trust acts instituted last year. The Department of Justice asked that Pullman be ordered to continue car service and divest itself of manufacturing.

Pullman asked and got a choice. Pullman originated more than three-quarters of a century ago. George Pullman's first car, the Pioneer, was too wide for most station platforms and business was poor. Then the Pioneer was chosen for President Lincoln's funeral coach and the roads made their equipment fit.



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TIMES-UNION  
Cir. D. 105,279

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The railroads who have been hauling Pullman cars may turn out to be George's new boss.

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Pullman asked and got a choice. Pullman originated more than three-quarters of a century ago. George Pullman's first car, the Pioneer, was too wide for most station platforms and business was poor. Then the Pioneer was chosen for President Lincoln's funeral coach and the roads made their equipment fit.



## PORTERS FACE PROSPECT OF NEW EMPLOYER

### Pullman Inc. Expected to Turn Sleeping Cars Over to Railroad

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Shoe Horn  
So George may continue his business of shoe-horning six-foot-six passengers into and out of upper berths.

But the society for the prevention of calling pullman porters George may want to change its name.

The decision under which Pullman must split up resulted from a suit under the Sherman and Clayton Anti-Trust Acts instituted last year. The Department of Justice asked that Pullman be ordered to continue car service and divest itself of manufacturing.

Pullman asked and got a choice and, President Crawford said, didn't appeal the final ruling for fear of jeopardizing that freedom of action.

Pullman originated more than three-quarters of a century ago. George Pullman's first car, the "Pioneer," was too wide for most station platforms and business was poor. Then the "Pioneer" was chosen for President Lincoln's funeral coach and the roads made their equipment fit. Finally, as Pullman's Palace Car Co., the company incorporated in Illinois in 1867.

It grew. Through nearly seven decades it absorbed its competitors, including Mann's Boulder Car Co.

The recent concern resulted from mergers continuing through 1934 that made Pullman Inc. A holding company with consolidated assets of more than \$330,000,000 and annual earnings that recently have been close to the \$10,000,000 mark.

JUL 20 1944

## George, the Porter, to Remain, But Without Pullman as Boss

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similar to that now controlling Railway Express Agency.

ATLANTA, GA. WORLD  
JULY 21, 1944

## Porters' Fate Left In Balance

NEW YORK—(SNS)—The decision of the Pullman Company Inc., to divorce itself from the sleeping car business left hanging in the balance Thursday the fate of that American institution, the Pullman porter.

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They thought of the Pullman porter and their president, D. A. Crawford, expressed hope the porter and his fellows would continue as a unit, but decided to keep on making railroad equipment. There is more money in it, and Pullman is the largest manufacturer in the field.

The railroads who have been hauling Pullman cars may turn out to be the porter's boss.

### CARRIERS MAY TAKE OVER

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### ORIGINATED OVER 75 YEARS AGO

Pullman originated more than three-quarters of a century ago. George Pullman's first car, the "Pioneer," was too wide for most station platforms and business was poor. Then the "Pioneer" was chosen for President Lincoln's funeral coach and the roads made their equipment fit. Finally, as Pullman's Palace Car Company, the company incorporated in Illinois in 1867.

It grew. Though nearly seven decades it absorbed its competitors. The present concern resulted from mergers continuing through 1934 that made Pullman, Inc., a holding company with consolidated assets of more than \$330,000,000 and annual earnings that recently have been close to the \$10,000,000 mark.

## PORTERS FACE PROSPECT OF NEW EMPLOYER

### Pullman Inc. Expected to Turn Sleeping Cars Over to Railroad

New York, July 20—(AP)—Decision of Pullman Inc. to divorce itself from the sleeping car business left hanging in the balance today the fate of that American institution, the pullman porter usually known as George.

Pullman directors, who have until October 5 to make their decision of yesterday effective as ordered by Federal Court, had to drop either car service or equipment manufacturing.

They thought of George and their president, D. A. Crawford, expressed hope George and his fellows would continue as a unit, but decided to keep on making railroad equipment. There's more money in it, and Pullman is the largest manufacturer in the field.

The railroads, who have been hauling pullman cars may turn out to be George's new boss.

Disposal of the sleeping car business, speculation says, may be to major carriers who would take over the 7,000-odd pullman cars under a joint ownership similar to that now controlling Railway Express Agency.

Shoe Horning Game  
So George may continue his business of shoe-horning six-foot-six passengers into and out of upper berths.

But the society for the prevention of calling pullman porters George may want to change its name.

The decision under which Pullman must split up resulted from a suit under the Sherman and Clayton Anti-Trust Acts instituted last year. The Department of Justice asked that Pullman be ordered to continue car service and divest itself of manufacturing.

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JUL 20 1944

## George, the Porter, to Remain, But Without Pullman as Boss

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similar to that now controlling Railway Express Agency.

ATLANTA, GA. WORLD  
JULY 21, 1944

## Porters' Fate Left In Balance

NEW YORK—(SNS)—The decision of the Pullman Company Inc. to divorce itself from the sleeping car business left hanging in the balance Thursday the fate of that American institution, the Pullman porter.

Pullman directors, who have until October 5 to make their decision of Wednesday effective as ordered by Federal Court, had to drop either car service or equipment manufacturing.

They thought of the Pullman porter and their president, D. A. Crawford, expressed hope the porter and his fellows would continue as a unit, but decided to keep on making railroad equipment. There is more money in it, and Pullman is the largest manufacturer in the field.

The railroads who have been hauling Pullman cars may turn out to be the porter's boss.

### CARRIERS MAY TAKE OVER

Disposal of the sleeping car business, speculation says, may be to major carriers who would take over the 7,000-odd Pullman cars under a joint ownership similar to that now controlling Railway Express Agency.

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82

JULY 20, 1944

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**Pullman Company Will  
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New York, July 19—(AP)—Directors of Pullman, Inc., announced today after a meeting that the company would "endeavor to dispose of its sleeping car business."

The action was taken, a company statement said, "in order to carry out the requirements of the decree entered on May 8 in the U. S. district court at Philadelphia in the government's anti-trust suit against the Pullman group of companies."

By the decision, the company from now on will be in the business of manufacturing railroad cars and equipment.

The statement said the directors had decided "to prepare a plan to effectuate such disposition, to be submitted to the court on or before Oct. 5, 1944, for approval."

**Magazine of Wall St.  
NEW YORK, N. Y.**

JUL 22 1944

**Pullman Family Divorce**

Pullman, Inc., decided not to appeal the Federal Court order to divest itself either of its sleeping car business or its manufacturing activities, fearing it might lose any choice of which to dispose of. The betting is about 10-to-1 that it will retain the manufacturing end. There will be plenty of negotiation before the railroads agree on a pool to take over the sleeping car business, and at what price and on what terms of payment. Pullman is a high-asset stock—but as a railroad equipment manufacturer only it would have considerably less stable earnings than in the past.

Circ. (25,302)

*This Clipping From  
BARRON'S WEEKLY  
BOSTON, MASS.*

JUL 17 1944

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*Pullman, Inc., choosing the expected alternative, will keep its manufacturing business and dispose of the sleeping car business with which it now serves the nation's railroads. An obvious guess is that the railroads will organize a new company to buy and operate the business for them. More difficult to forecast, however, is what the railroads will pay for the business, and what will happen if Pullman doesn't think the roads want to pay enough. A precedent for railroad operation of the business is found in the Railway Express Agency, owned by the roads which in the '20s took over the express business from private operators.*

NEW BRITAIN, CONN.  
HERALD  
Cir. D. 18,778

JUL 21 1944

**Railroads and Pullmans**

What's it going to be—Pullmans, or are the railroads intent upon inventing a new name for the luxurious sleeping and parlor cars that will run on their own account in the future? For the Pullman company, in pursuance of the recent court order, has agreed to get out of the business of operating Pullman cars, intending to restrict itself to their manufacture; and other types of railroad equipment. That of course is where the profits are, not in operating the sleeping, parlor and dining cars made at the company's big plants.

The railroads in due time will have the operation of the Pullman cars on their own hands, as they have the operation of the express business, which once was run by numerous companies. The railroads took over the express business after the last war, and will be doing the same kind of act in the operation of Pullman sleepers after the present war, if not sooner.

The question to the public is, will that mean higher rates or lower rates? Nothing has been mentioned on that point.

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83

JUL 24 1944

## News of Past Week on Home Front for Your Man in Uniform

Monday, July 24, 1944.

Dear \_\_\_\_\_:

President Roosevelt and Senator Harry S. Truman of Missouri, watchdog of war spending, have been picked by the Democrats to stand off the Republican Dewey-Bricker ticket in the race for the Presidency....

That monetary conference up in Bretton Woods, N. H., with 44 nations participating, has set the world bank capital at \$8,800,000,000 in an honest attempt to finance reconstruction and development to guarantee postwar international investments.... Archbishop Spellman is at the Vatican.... Some 70 overage limit residents of the famous Franklin Square House must vacate by Sept. 1 to make room for a unit of Army cadet nurses....

Official tabulation shows that Gov. Saltonstall, with 189,825 votes, topped all other candidates in the recent primary.... The first concert on the Esplanade attracted a crowd of 25,000.... Do you Walpole fellows remember Cobb's pond, where you used to go skating winters and fishing in the summer?... A new owner of the property has started to smash the dam and drain the pond so he can grow cranberries or wild rice....

Butter points have gone from 12 to 16 points again.... Lt. Edmond Terry was reunited with his cousin, Pvt. Nicholas P. Walsh, Normandy veteran, at Fort Devens because of the latter's unmistakable Irish brogue....

Vacation minded autoists have been warned they can use their A gasoline rations only.... revocation faces those who use B and C cards.... It may take a long time because of material shortages, but deodorizing renovations have been started at the Brighton abattoir....

### Pepper Martin, Fighter, Slain

Holyoke has a new kind of a strike on its hands.... 100 or more employes of the Worthington Pump & Machinery Company "sat in" on the jobs from which they had been ordered laid off because of a cutback in Navy contracts for gun mounts.... they telegraphed President Roosevelt asking for more work.... it has been called off since....

Boston police are busy running down clues in the murder of Yapan Alajajian, alias Pepper Martin, small time gambler and boxer, whose body was found in an automobile on Ipswich street in the Back Bay.... Henry Ford II, was in town to accept the Army-Navy E flag in behalf of the Somerville plant of the Ford Motor Company.... the award was made in recognition of the thousands of Bren gun carriers that the plant has turned out for the British Army....

Bill Campbell, chief accountant of the motor vehicles registry, says 780,738 automobiles were on the roads of Massachusetts June 30, as compared to 786,367 a year ago that date.... Freddie Gauteson, 4-year-old Plainfield, N. J., youngster, in a chance conversation with a mechanic of a precision instrument company, remarked that a garter snake and an elastic wrist watch band had similar movements.... as a result, a new physics principal apparently has been discovered that will lead to repelling the Nazi robot bombs.... the rest of the details are strictly hush-hush....

Here's a chance for you to go into business for yourselves when you come back: the Pullman Company, acting on a court anti-trust decision, is trying to sell out its sleeping car business....

The OPA has warned used car purchasers that they must file a certificate of transfer with their local rationing board before applying for gasoline....

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## What Will Happen to George?

What is to become of George, the Pullman porter?

Pullman Inc. has decided to divorce itself from the sleeping car business, but it is to be hoped "George" will not be divorced with it.

Pullman directors had a choice of dropping the car service or equipment manufacturing. Since there is more money in the manufacturing end than the operating end, Pullman chose the latter course.

It is assumed the railroads will take over the sleeping car business, and "George" with it, under a joint ownership similar to that now controlling the Railway Express Agency. So George may continue his business of shoe-horning six-foot-six passengers in and out of the upper berths.

George Pullman originated the sleeping car more than three-quarters of a century ago, and it has become a national institution. No one knows just how Pullman porters came to be known as "George," but since the inventor's name was George, passengers might have dropped into the habit of calling every Pullman porter by that name. "George" has never minded it, as long as a tip was forthcoming. And a considerable number of porters must undoubtedly have borne the name of George.

Pullman's first sleeping car, which he called the "Pioneer," and which probably accounts for the naming of every Pullman car since then, wasn't a success until it was used as President Lincoln's funeral coach.

From that beginning Pullman's Palace Car Co. grew to be a business worth more than \$300 million, with more than 7,000 cars doing a \$10 million a year business.

The decision under which Pullman must split up resulted from a suit under the Sherman and Clayton anti-trust acts instituted last year. The Department of Justice asked that Pullman be ordered to continue car service and divest itself of manufacturing. But Pullman asked and got a choice and chose to give up the car service rather than manufacturing.

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DAYTON, O.  
NEWS

Circ. D. 64,568 — S. 63,270

JUL 26 1944

# Reports Labor Opposes New Ruml Tax Plan

BY LOU SCHNEIDER

Released by Consolidated News Feature, Inc., to the Dayton Daily News.

NEW YORK, July 26.—Beardley Ruml, father of pay-as-you-go tax plan, says corporations should be tax-exempt in postwar years. He argues it would lower prices of manufactured goods, allow wage increases, encourage distribution of earnings via enlarged dividends, and avoid double taxation—on corporate earnings and then on dividend receipts by stockholders.

The new Ruml tax plan is not liked by labor. Here's the view: Government loss of corporation tax receipts would have to offset by a wider distribution of taxes on small wage earners. Labor's wage-boost progress of the past 12 years was based on public education that corporations' huge earnings are because of labor's effort.

The international trade winds say that the China Raw Material Works, Kwelin, Kwangsi province, is manufacturing a strong white synthetic cotton from fibres of straw and mulberry tree bark and at a low cost.

Association of American Railroad directors meet in Washington Friday. The discussion will be how to purchase the Pullman sleeping cars from Pullman Inc. Outcome will be—as previously reported here—a stock company with a big bond issue. Expectations are that the shares will be taken by the carriers; bonds will be sold to institutional investors.

Professionals diagnose the stockmarket's price decline as acute indigestion caused by investor's saturated optimism on postwar earnings prospects to start X-day—collapse of Germany.

Commodities trade informants say the pig crop this year fall about 20,000,000 heads below last year and not 32,000,000 as predicted by the department of agriculture. Feed will be plentiful and the WPA will abandon—perhaps for political reasons—its plan to reduce the hog support price in October from \$13.75 to \$12.50 per hundredweight.

There's little likelihood of civilian goods output increasing while war requirements demand a high volume of steel tonnage. And the WPB insists that steel requirements will be high until X-day.

Military demand for high-octane aviation gasoline grows daily. So, in place of again reducing octane strength of "special" gas sold to civilians, PAW has a plan to allow manufacture of only one grade. OFA would fix prices on a regional basis.

War restrictions on wood, and low volume of fabric output, will bring furniture reductions total this year down to 30 per cent of last year which was 85 per cent of normal. But dealers expect to do well. Rebuilt furniture is again popular. If care is used, the items can be made to look new. The OPA ceiling price is 75 per cent of original cost.

New York Central's management to continue using wartime earnings for debt reduction; 50-cent quarterly dividend to hold. . . . Murray Ohio Manufacturing is nation's leading maker of such steel toys as bicycles, etc. . . . Can manufacturing company's postwar prospects favorable; food packers say it's easier handling in all phases.

Cir. (D 93,172) (S 99,844)

This Clipping From  
CHARLOTTE, N. C.  
OBSERVER

JUL 27 1944

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CHARLOTTE, N. C.  
OBSERVER  
Cir. D. 103,867—S. 114,607

JUL 27 1944  
TRADE WINDS  
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FURNITURE: War restrictions on wood, and low volume of fabric output, will bring furniture reductions total this year down to 30 per cent of last year which was 85 per cent of normal. But dealers expect to do well. Rebuilt furniture is again popular. If care is used, the items can be made to look new. The OPA ceiling price is 75 per cent of original cost.

ELECTION WAGER: It's too early, but the utilities will get their quadruple stock market pre-election play—if the trend seems to be in Dreyfus' favor. Commonwealth & Southern common at \$1, however, is already leading the election-wager stock.

INVESTOR NEWSHITS: New York Central's management to continue using wartime earnings for debt reduction; 50-cent quarterly dividend to hold. . . . Murray Ohio Manufacturing is nation's leading maker of such steel toys as bicycles, etc. . . . Can manufacturing company's postwar prospects favorable; food packers say it's easier handling in all phases.

85



DAYTON, O.  
NEWS

Circ. D. 64,568 — S. 63,270

JUL 26 1944

# Reports Lebor Opposes New Ruml Tax Plan

BY LOUIS M. SCHNEIDER

Released by Consolidated News Features, Inc., to the Dayton Daily News.

NEW YORK, July 26.—Bearsley Ruml, father of pay-as-you-go tax plan, says corporations should be tax-exempt in postwar years. He argues it would lower prices of manufactured goods, allow wage increases, encourage distribution of earnings via enlarged dividends, and avoid double taxation—on corporate earnings and then on dividend receipts by stockholders.

The new Ruml tax plan is not liked by labor. Here's the view: Government loss of corporation tax receipts would have to offset by a wider distribution of taxes on small wage earners. Labor's wage-boost progress of the past 12 years was based on public education that corporations' huge earnings are because of labor's effort.

The international trade winds say that the China Raw Material Works, Kwelin, Kwangsi province, is manufacturing a strong white synthetic cotton from fibres of straw and mulberry tree bark and at a low cost.

Association of American Railroad directors meet in Washington Friday. The discussion will be how to purchase the Pullman sleeping cars from Pullman Inc. Outcome will be—as previously reported here—a stock company with a big bond issue. Expectations are that the shares will be taken by the carriers; bonds will be sold to institutional investors.

Professionals diagnose the stockmarket's price decline as acute indigestion caused by investor's saturated optimism on postwar earnings prospects to start X-day—collapse of Germany.

Commodities trade informants say the pig crop this year fall about 20,000,000 heads below last year and not 32,000,000 as predicted by the department of agriculture. Feed will be plentiful and the WFA will abandon—perhaps for political reasons—its plan to reduce the hog support price in October from \$13.75 to \$12.50 per hundredweight.

There's little likelihood of civilian goods output increasing while war requirements demand a high volume of steel tonnage. And the WPB insists that steel requirements will be high until X-day.

Military demand for high-octane aviation gasoline grows daily. So, in place of again reducing octane strength of "special" gas sold to civilians, PAW has a plan to allow manufacture of only one grade. OPA would fix prices on a regional basis.

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Cir. [D 93,172] [S 99,844]

This Clipping From  
CHARLOTTE, N. C.  
OBSERVER

JUL 27 1944

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CHARLOTTE, N. C.  
OBSERVER  
Cir. D. 103,867—S. 114,607

JUL 27 1944

TRADE WINDS  
BY LOUIS M. SCHNEIDER

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The new Ruml tax plan is not liked by labor. Here's the view: Government loss of corporation tax receipts would have to be offset by a wider distribution of taxes on small wage-earners. Labor's wage-boost progress of the past 12 years was based on public education that corporations' huge earnings are because of labor's effort.

COTTON: The international trade winds say that the China Raw Material Works, Kwelin, Kwangsi province, is manufacturing a strong white synthetic cotton from fibres of straw and mulberry tree bark and at a low cost.

PULLMAN: Association of American Railroad directors meet in Washington Friday. The discussion will be how to purchase the Pullman sleeping cars from Pullman Inc. Outcome will be—as previously reported here—a stock company with a big bond issue. Expectations are that the shares will be sold to institutional investors.

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STEEL: There's little likelihood of civilian goods output increasing while war requirements demand a high volume of steel tonnage. And the WPB insists that steel requirements will be high until X-day.

GASOLINE: Military demand for high-octane aviation gasoline grows daily. So, in place of again reducing octane strength of "special" gas sold to civilians, PAW has a plan to allow manufacture of only one grade. OPA would fix prices on a regional basis.

FURNITURE: War restrictions on wood, and low volume of fabric output, will bring furniture reductions total this year down to 30 per cent of last year which was 85 per cent of normal. But dealers expect to do well. Rebuilt furniture is again popular. If care is used, the items can be made to look new. The OPA would fix prices at 75 per cent of original cost.

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JUL 27 1944

## Pullman George Retires

That whimsical society devoted to ending the quaint American custom of calling Pullman porters George may shortly discover that its objective has been achieved. For it looks as if the business founded by George Pullman will in coming months greatly change its character.

There will be sleeping cars, but they probably won't be operated by Pullman. The company, in the face of a special Philadelphia Federal Court ruling that continuation of both railway equipment manufacturing and sleeping car operations would be in violation of anti-trust laws, has announced it will give up the operating end of its enterprise.

Just how this will be done isn't known yet, but is scheduled to be decided on or before Oct. 5. One proposal is that the railroads buy the sleeping-car business and operate it jointly, much as they do the Railway Express.

The potentialities here are interesting. Would, for example, the railroads persist in charging higher fares for Pullman tickets if they found (as it often happened in the prewar days) the day coaches packed and the sleepers half empty?

Will new triple-deck berths be introduced, and other measures be taken to reduce costs? Or will coach accommodations be lifted to Pullman standards, so that for comfort, convenience, speed, safety and cost the railroads can recapture some of the passengers they lost to private autos and buses before the war, and hold some of the passengers they are in danger of losing to planes after the war?

AUG 4 - 1944

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FLORIDA

AUG 3 1944

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RAVENNA, OHIO  
Record and Courier Tribune  
Cir. D. 6,603

JUL 27 1944

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Pullman and sleeping car have long been interchangeable terms. They may be so no more. The directors of Pullman, Inc., have announced that the company will try to dispose of its sleeping car business.

This action is taken, they say, "in order to carry out the requirements of the decree entered May 8 in the U. S. District Court at Philadelphia in the government's anti-trust suit against the Pullman group of companies". By that decision the company could either manufacture or operate sleeping cars, but not both. Of the two the company prefers to make the cars, and let some one else run them.

Whether that means a change in a historic name remains to be seen. After some early competition from the Wagner manufacturers, Pullman has been alone for a long period. It will take time to learn another name.

Watertown Times  
Watertown, Wis.

JUL 28 1944

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NEWBURYPORT, MASS.  
NEWS  
Cir. D. 5,149

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NEWS-HERALD  
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NEW YORK.—Bargains in post-war ideas! Step right up folks and help yourselves!

When America entered the war Uncle Sam seized 45,000 patents and patent applications of foreign corporations in this country. For 10 cents apiece copies are now being made available by the office of the U. S. Allen Property Custodian. In any one of these patents there may be the opportunity of a lifetime for manufacturers, engineers, chemists, skilled production workers, or anyone else with a knack for organizing and for making things.

Enemy countries have spent millions of dollars developing the patents. Yet by investing 10 cents for a copy of a patent and \$15 for a license to use it, one may glean knowledge that will lead to a fortune.

The patents cover scores of industries. About 7500 relate to the chemical industry, 1300 to ordnance and aircraft, 1000 to metallurgy, and 7000 to electrical subjects. Some 26,000 patents are in manufacturing, transportation, power and machinery. It is said that a good many of the larger companies in America already have begun intensive study of various patents, but the smaller corporations have not shown the same interest. The latter may be missing some good bets for reconverting to profitable peacetime operations at the war's end.

**NO APPEAL**—Latest development in the Pullman, Inc. case is the announcement by David A. Crawford, president, that the company will not appeal the order of the U. S. District Court in Philadelphia requiring Pullman to dispose of either its manufacturing business or sleeping car business.

The decision not to appeal may be a surprise to some followers of the case, but Mr. Crawford in a letter to stockholders explained it very clearly. The company's directors, he said, were "obliged to recognize that if an appeal were taken, the freedom of choice permitted by the decree would be put in grave jeopardy because the supreme court might prefer to adopt the view of the dissenting judge in the opinion that no such freedom of choice should be permitted."

"To safeguard this essential freedom, your directors believe that the decision not to appeal is for this reason in the best interests of the corporation, its stockholders and its employees. Moreover, the taking of an appeal would necessarily have prolonged a period of legal uncertainty and would have left the railroad users of sleeping-car service, and the railroad buyers who have been accustomed to look to Pullman-Standard for supplies of both freight and passenger equipment, hampered in their dealings with the Pullman group of companies, both in the immediate future and in the long-range planning of the railroads for the improved railway services which they intend to give to America."

Port Byron, Ill., Globe  
July 27, 1944

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**IN AMERICAN BUSINESS**  
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FLUSHING, N.Y.  
NORTH SHORE NEWS  
7/31/44



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MONROE V. PULLMAN, INC., DENIES  
Thursday, July 27, 1944



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The decision not to appeal may be a surprise to some followers of the case, but Mr. Crawford in a letter to stockholders explained it very clearly. The company's directors, he said, were "obliged to recognize that if an appeal were taken, the freedom of choice permitted by the decree would be put in grave jeopardy because the Supreme Court might prefer to adopt the view of the dissenting judge in the district court who was of the opinion that no such freedom of choice should be permitted.

"To safeguard this essential freedom, your directors believe that the decision not to appeal is for this reason in the best interests of the corporation, its stockholders and its employees. Moreover, the taking of an appeal would necessarily have prolonged a period of legal uncertainty and would have left the railroad users of sleeping-car service, and the railroad buyers who have been accustomed to look to Pullman-Standard for supplies of both freight and passenger equipment, hampered in their dealings with the Pullman group of companies, both in the immediate future and in the long-range planning of the railroads for improved railway services which they intend to give to America."

Cr. [D 5,235]

This Clipping From

BOSTON, MASS.  
NEWS BUREAU

JUL 29 1944

## Sees War Freight Moved

**ODT Director Johnson, After Meeting With AAR Directors, Confident Railroads Will Handle War Load Without Difficulty**

Washington—ODT Director Johnson expressed supreme confidence yesterday that the railroads will handle without any major difficulty all war freight which may be expected.

Col. Johnson made this statement following a meeting with directors of the Association of American Railroads.

One major matter up for consideration at yesterday's meeting, he disclosed, was the prospective change of the major transportation load from the East to the West with the fall of Germany. There is a general feeling that Germany may collapse soon and the Allies then will be able to concentrate their power in the Pacific. This will mean a large increase in the movement west-bound of freight. Col. Johnson expressed confidence the railroads could make the change no matter how suddenly the change takes place.

At present time, he said, ton-miles of traffic being handled by the railroads are equal to the 1943 peak of last October. The volume is still growing, but the railroads are handling the traffic with relative ease, he said.

### No Decision On Sleeping-Car Business

AAR spokesman revealed that the question of sleeping-car equipment was discussed at the meeting, but that no conclusions were reached. The Pullman Co., which under court decree must divest itself of the sleeping-car business, has not yet approached the railroads collectively regarding sale of Pullman cars to the carriers.

One AAR official said there were four possible ways in which the sleeping-car problem might be solved. These include creation of a national railroad pool, the establishment of regional rail pools, the purchase of Pullman's cars by individual railroads and the entrance of an outsider into the sleeping-car field. The railroads have made no decisions as to what they will do and no specific proposals have yet been brought up for joint action, it was said.

### Future Business Prospects

The railroad executives discussed at their meeting future business prospects, with particular reference to the changes which may occur when Germany falls. The consensus was that there will be a decline in total freight volume when this occurs, with a fairly heavy decline in the eastern part of the country and an increase in the West. There was some discussion of postwar prospects, it was reported, but no conclusions were arrived at.

There has been an improvement in the railroad manpower situation recently and the railroads generally are better off in this respect than they have been for many months. A total of 65,000 workers has been added to the rail labor force in the past 19 weeks, it was reported. However, the railroads still need 85,000 new workers.



MONROE  
Thursday, July 27



**BEHIND THE  
SCENES  
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"To safeguard this essential freedom, your directors believe that the decision not to appeal is for this reason in the best interests of the corporation, its stockholders and its employees. Moreover, the taking of an appeal would necessarily have prolonged a period of legal uncertainty and would have left the railroad users of sleeping-car service, and the railroad buyers who have been accustomed to look to Pullman-Standard for supplies of both freight and passenger equipment, hampered in their dealings with the Pullman divisions of companies, both in the immediate future and in the long-range planning of the railroads for the improved railway services which they intend to give to America."

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WED. 30 1944

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# 7,000 Pullmans Are Hunting a New Company

## Railroads face questions raised by firm's decision to quit sleeping car operation and retain profitable manufacturing job

By CHARLES W. WILLIAMS  
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**O**WNSHIP and operation of a great American traveling tradition and institution—the Pullman car—are about to change.

A few weeks ago a special Federal three-man court decided that the Government was right and gave the decision against Pullman, Inc., top holding company whose major subsidiaries include The Pullman Company (operator of the sleeping cars and other de luxe railway equipment such as parlor and club cars) and the Pullman Standard Car Manufacturing Company (builder of not only the sleeping cars and most of the de luxe passenger car equipment that runs along nearly all of American rails, but also largest builder in the world of freight cars—capacity of nearly 80,000 a year).

The Government suit (under the Sherman Anti-Trust Act) charged Pullman, Inc., with being and maintaining a monopoly, with charging unreasonable rates, and with extraction of exclusive agreements with railway companies.

### Sleeper Service Goes

The Federal court has decreed that Pullman shall be broken up—not in the old-fashioned type of dissolution, but by giving the company the choice of which of the two arms of its business it wishes to retain and operate.

Last week, in a special meeting of Pullman's board of directors, formal decision was made to give up the sleeping-car service—and to retain the manufacturing arm of the business.

In a sense, it was a surprising decision. Wall Street guessers had thought it might easily be the other way round. The name Pullman and too long been synonymous with sleeping cars to be thrown overboard so easily. But unsentimental directors have evidently thought otherwise, the sleeping car company is to be the part saved, and the company has promised the court to provide it with a plan on or before October 5. Since then, the company has one year in which to make operative the plan, this means

that by late 1945 the Pullman Company passes into other hands than its traditional management and ownership.

### Who Will Operate Cars?

Such a decision raises some very interesting questions for the company, for the railroads and for the traveling public.

Who will take over and operate the giant pool of Pullman cars—estimated at more than 7,000—operating on practically all the rail lines of North America (U. S., Canada and Mexico)—operating on about 30 per cent of all rail passenger traffic, operating at 98 per cent of capacity, hauling over two million troops a year from one end of the nation to the other, and doing an aggregate business of \$60-75 million a year, in peace times and, last year, \$125 millions?

Granted that the company is a monopoly—what broad public interest is served by the splitting-up process? What will be the gains (or losses) in operating efficiency in public relations, in labor relations?

What does the company's choice (in retaining the manufacturing and disposing of the sleeping car business) indicate for the future of the rail passenger traffic?

### Carriers May Step In

In financial circles, there seems to be little doubt that the railroad companies will have the first opportunity to work out a plan for taking over and operating the Pullman Company's cars and service, perhaps somewhat along the lines of the co-operatively operated Railway Express for fast goods traffic.

Question is: Do the railroads want the Pullman Company? So far, Pullman management admits it has no offers and, though the American Railway Association (composed of executives) is rumored to be about to take up the matter, as yet no official action or policy has been announced.

James B. Hill, president of the L. & N., admits it is a big and complex rail problem, and that he has an open mind on it. Logically,

the railroads are the ones to take over—but there are at least two possibilities open: first, the formation of a separate company for the purpose of buying all the railroads; second, the formation of a number of separate pools (or smaller companies).

Either way it would involve complex financing on the part of the carriers—a whole sheaf of new operating problems, and the taking over of a business that is as highly cyclical as their own.

### Business Better Today

Today, with wartime prosperity and full cars, the business is undoubtedly lucrative—but there's a vastly different picture if one goes back to prewar days. Then, Pullman cars ran at less than half-capacity on the average—and profits ran from 2 to 4 cents per seat—surely—on a "gold-plated" monopoly, despite operations of more than 95 per cent of all sleeping-car services. Private cars, hotels, tourist homes and seaside cabins, provided a lot of competition. So much so that Pullman grossed only a bit more than \$3.50 per passenger, with high operating expenses making up most of this.

What about the airlines—especially in the postwar air-minded world? Pullman's traffic manager avers that for the rails have little to fear; that they will lose very little business to the airlines; that postwar Americans will be the most travel-intent people in the world.

Whether Pullman, Inc., guessed right on the long-term future remains to be seen. From the current viewpoint, and for the near term, it probably did. In prewar years, sleeping-car revenues provided the bulk of its business, manufacturing operations, the lesser part. From 1932 to 1939, while revenues from manufacturing operations crossed more than \$400 million while car manufacturing totaled about \$230 million.

### Revenue Chart Changes

Since the war began, the picture has been reversed. Gross from sleeping cars, since 1940, has totaled about \$350 million, while revenues from manufacturing (not only cars but lanterns, shells, gun-mounts, and plane wing and tail assemblies) have totaled more than \$600 million.

Incidentally, net profit has totaled, since 1940, some \$36 million, while the company was paying \$68 million in Federal income taxes. And the dividends, which ran from prewar \$1 per share to \$2.75 (average about \$1.75), have gone up to \$3 per share (current basis). Pullman, Inc., stock, sold around \$25 in 1940. (It sold for \$89 in dear old 1929's "bull" market; got down

to \$10 in the dreary depression years). Since then it has gone up to a 1944 high of \$52 (currently \$47-\$48), probably not so much on increased earnings or good prospects as on the strength of the forced sale and the distribution of the proceeds. And the probable earnings for the whole year of 1944 are estimated (by Standard-Poor's) at \$2.50, which makes the 50 cent quarterly dividend look safe, but not the "extra" of \$1 usually paid at year-end. Yield, at just over 4 per cent, seems to indicate a fairly good speculation—not in the "blue-chip" class of 2 or 3 per cent, but also not in the hazardous 5-10 per cent class.

### Pullman's Brain Child

When the Pullman cars pass from present hands the end will be marked of one stage, at least, of a glamorous era—the one that has woven itself into the very fabric of American life and history for the last eighty years.

The sleeping-car began as the brainchild of a youngster, 24, George M. Pullman, born in upper New York State in 1831, clerk in a country store (at \$40 per year—none of the Alger varieties can beat that). Young Pullman worked seven years as a cabinetmaker, saw the westward tide begin, spent long nights studying himself into Chicago—(in 1855 a small frontier city of 100,000—and probably en route got the germ of the idea that was to make him famous. By 1864 he had secured U. S. Patent No. 42182—which involved the pull-out seat for the lower berth and the folding, "hinged roof" for the upper berth—patents which, basically unchanged to the present day).

He and Ben Field, close friend and associate, built the first sleeping-car for the Chicago and Alton, and it was such a sensation that there was public demand for the body of Abraham Lincoln to be carried in it on its last ride from Chicago to Springfield. By 1867, he had started the Pullman Palace Car Co., and built the first luxury car, the "Pioneer" which cost the then tremendous sum of \$20,000. (No other car had previously cost more than \$5,000). The railroads had to widen platforms, raise bridges, to permit it to be used; but there ensued a stampede among most of the railroads to get the new sleeping cars.

The next year Pullman contrived the first diner-sleeper—a \$100,000 luxury-diner—became a matter of nation-wide talk and press comment. The first complete dining car was put on in 1868, called a "hotel car," the first chair-car in 1873, the first "vestibule" car in 1887.

(Continued on next page)

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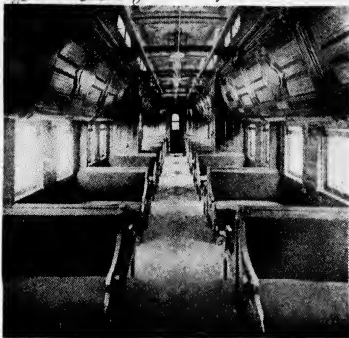
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Continued on next page.

Louisville, Ky. Courier-  
Journal Jul. 30, 1944.



Interior of Pullman car in use about 1880.

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### Practical and Fancy

George Pullman's mechanical and administrative genius were taking hold and making him famous—and very rich—for he had also that peculiar flair for the fancy as well as the practical improvements and conveniences that even a frontier people desired. When some of the railroads objected to his proposal of a \$2 Pullman fare (to cover "extra luxury") and held out for the traditional \$1.50 for overnight sleepers, he proposed the very practical experiment of carrying both types of cars and letting the traffic decide. Pullman won—the public quickly decided it was worth 50 cents more for red or green plush seats, individual linens and blankets and a Pullman porter.

Imitators became fairly numerous but Pullman either bought them out or got the important court decisions that built up the nation-wide monopoly of sleeping car service. The Vanderbilts and the New York Central were his chief stumbling block. But once over that, he developed a national network that attracted the social and financial "blue blood."

### Good Profits Paid

Profits in the early period were handsome. The first year, 1867, a \$3 dividend was paid; in the '70's, \$12 to \$19 a year was paid; in the '90's, \$8, together with some stock dividends, was paid; from 1900 to 1926, \$8 per share, per year was typical. Altogether, about 150 per cent in

Aug. 1, 1944  
WIRE TELEGRAPH

## 'As Others See It'

### PULLMAN GEORGE RETIRES

That whimsical society devoted to ending the quaint American custom of calling Pullman porters George may shortly discover that its objective has been achieved. For it looks as if the business founded by George Pullman will in coming months greatly change its character.

There will be sleeping cars, but they probably won't be operated by Pullman. The company, in the face of a special Philadelphia federal court ruling that continuation of both railway equipment manufacturing and sleeping car operations would be in violation of antitrust laws, has announced it will give up the operating end of its enterprise.

Just how this will be done isn't known yet, but is scheduled to be decided on or before Oct. 5. One proposal is that the railroads buy the sleeping-car business and operate it jointly, much as they do the Railway Express.

The potentialities here are interesting. Would, for example, the railroads persist in charging higher fares for Pullman tickets if they found as it often happened in the prewar days) the day coaches packed and the sleepers half empty?

Will new triple-deck berths be introduced, and other measures be taken to reduce costs? Or will coach accommodations be lifted to Pullman standards, so that for comfort, convenience, speed, safety and cost the railroads can recapture some of the passengers they lost to private autos, and buses before the war, and hold some of the passengers they are in danger of losing to planes after the war?—Christian Science Monitor.

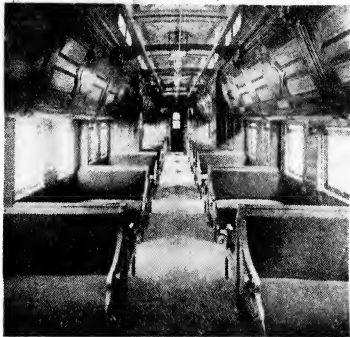
A Brazilian subsidiary was set up in Rio de Janeiro (capacity 1,500 freight cars a year, biggest in South America) and one in France (La Rochelle, capacity 150 passenger sleeping, and dining cars a year).

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The public may, thus, adopt a logical wait-and-see policy as to the long-term wisdom of the current Pullman case.

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WASH. TALK TELEGRAM

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This Clipping From  
MANSFIELD, OHIO  
NEWS JOURNAL

AUG 9 1944

## Historic Name May Change

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AUG. 1, 1944  
DES MOINES, IA. REGISTER

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The first Pullman sleeping car was a remodeled Chicago & Alton day coach, "No. 9", and it continued with its original designation, as did its twin, "No. 19".

Next it was decided to designate each new car by a different letter of the alphabet, but there were only 26 such letters and numbers had to be restored.

The use of numbers, however, brought a conflict with the numbers of ordinary railroad cars, so each car began to receive a definite baptismal name. In those times—the 1870s—it was customary to name locomotives, as old-timers will recall. Presidents of the roads and of the United States, governors of states, and other prominent men were so honored.

"Car A" was really the first named car, and it was called the "Pioneer". It was the first car built from bottom to top by George M. Pullman, and was hurriedly completed in 1865 so it could be used in the funeral train that bore the body of Abraham Lincoln from Washington to Springfield. The "Pioneer" transported the family of the martyred president from Chicago to the Illinois capital.

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Generally speaking, parlor cars were supposed to be given feminine names and those of flowers and birds; but railroads often wanted them named for cities and towns on their lines, and their wishes are often granted. Sleeping cars have been named for rivers, lakes, cities, countries, historic figures, battlefields, and camps. In recent years certain rules have been adopted by the committee on nomenclature, which is composed of officers of the company, to indicate the character of the car.

For example, all car names preceded by "Mt." or "Mountain" are observation cars containing sections. Cars built for the Great Northern's "Oriental Limited" have the prefix "Great"—"Great Lakes", "Great Plains", "Great Spirit", etc. There have been special room cars—that is, compartment and drawing rooms—named for poets, dramatists and authors. The "Lake", "Camp", and "Fort" cars are all of one type—10 sections, drawing room and two compartments—and a new series of "Saints" and "Macs" are 12 sections and drawing room.

The "President" cars—"President Washington", "President Lincoln", "President Roosevelt", etc.—are another type of compartment and drawing room cars, with special finish. The parlor cars for the "Congressional Limited", on the Pennsylvania, are all named after signers of the Declaration of Independence and prominent members of the Continental and Constitutional Congresses.

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When the Pullman company took over the Wagner Sleeping Car

company it was discovered that some 300 cars bore names duplicated by the Pullmans. Richard Dean, then a vice president of the Pullman company, had charge of nomenclature at the time. Taking a corps of clerks to the Chicago library, he delved into ancient history, and within 24 hours there was a wholesale rechristening of Wagner cars!

This Clipping From  
MANSFIELD, OHIO  
NEWS JOURNAL

AUG. 9 1944

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AUG. 4, 1944

LOUIS A. M. NEWS

## Decision by Pullman Indicates Greater Opportunity in Postwar Car Manufacturing Field

The decision of Pullman, Inc., to remain in the car manufacturing business and to give up its sleeping car operation reflects a judgment on the part of company officials as to which of the two fields holds greater opportunity in the post-war era.

Most readers of this column are aware that the decree in the antitrust suit against the Pullman Co., prescribed that the company, having been found a combination in restraint of trade, would have to surrender either car construction or Pullman car operation.

The question which will immediately confront the railroads is of the operation of sleeping cars in the future. Some of the railroads operate currently their own sleeping and parlor cars, despite the admitted advantage of the arrangement under which Pullman shifts equipment readily from one area to another and makes it available to meet changing needs.

If that feature of the service provided by Pullman is to be retained, it probably will be necessary for the railroads jointly to buy and operate sleeping and parlor cars. If it is not, the several companies will have to provide their own cars and restrict operations pretty closely to their own lines.

Under the latter arrangement a few of the major systems might be able to retain a large measure of the elasticity afforded by Pullman operation, but the lesser railroads with a small volume of passenger business would operate at serious disadvantage. Very probably it would exclude some from all but the day coach service.

A second announcement just made by Pullman, Inc., has an interesting bearing on sleeping and parlor car operation. It is that at long last no more sleeping cars with the standard upper and lower berths are to be built. Sleepers are to be of new style, with room and roomette service at lower fares than those now obtainable.

Inasmuch as Pullman has the experience in sleeping car construction it is likely to remain the dominant factor in that field for years to come. Thus it appears that the railroads, either directly or through a jointly owned subsidiary, will have little choice but to acquire existing Pullman equipment and, as the years go by, to take what Pullman designs and offers for sale.

Whether the decree which forces the Pullman company to choose between car construction and operation is in the public interest is a matter of further determination. To the individual untrained in legalistic thinking it is a little far-fetched to contend that the construction by a service industry of its own equipment constitutes, or contains the elements of monopoly.

The antitrust activities of the Department of Justice in recent years raise the question whether the motive behind some of them at least was not rather to persecute successful business, as in the Pullman and Associated Press cases, than to enforce the letter and spirit of the law against combinations in restraint of trade.—Cleveland Plain Dealer.

NORTH ATTLEBORO, MASS.  
CHRONICLE

AUG 5 - 1944

PULLMAN'S TURN

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One possibility is the sale of the sleeping car business to the railroads, with the parent company retaining the manufacturing concern. This would turn over to 139 Class 1 railroads, 7,766 sleeping cars. There are various methods by which this division of cars could be carried out. It could be made on the basis of average Pullman revenues shown by the various roads. Another plan would distribute the sleeping cars to eastern, western and southern groups, thus permitting the maintenance of car pooling as at present practiced with the nation as a unit.

The cars may be sold to individual railroads, but the roads do not appear enthusiastic about this plan, contending that it would compel individual roads to buy additional cars to meet peak traffic demands, leaving idle cars standing in yards in slack seasons.

HARRISONBURG, VA.  
NEWS-RECORD  
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This Clipping From  
MIDDLETOWN, OHIO  
JOURNAL

AUG 6 - 1944

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Tacoma (Wn) News Tribune  
August 5, 1944

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Pullman and sleeping car have long been interchangeable terms. Whether this decision means a change in the historic name remains to be seen. After some early competition from the Wagner manufacturers, Pullman has been alone for a long period. A few railroads, like the Milwaukee, two decades ago ran their own sleeping cars. These gradually gave up, and now Pullman has a monopoly of this business.

Just what will be done remains to be seen. Years ago the government ordered the dissolution of the big Standard Oil company. It was split up into separate companies, to the immense subsequent profit of the stockholders.

Pullman may do the same thing and form another company to operate the sleeping cars which it builds. On the other hand, it may decide to turn the business over to a railroad-owned and operated outfit, just as the railroad-owned railway express agency now operates the former express company business for the railroads.

CANONSBURG, PA.  
NOTES  
Cir. D. 4,238

AUG 4 - 1944

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ELGIN, ILL., COUR. NEWS  
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Kenosha News  
Kenosha, Wis.

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REVERA, CAL., POST-ADVOCATE  
Cg. 2, 1944

AUGUST 5, 1944

## Court Action Raises a Puzzle

Forced separation of the Pullman company's manufacturing division from its Pullman car operating division highlights the puzzle of restrictions on transport which has affected transcontinental travel, and thus the fortunes of the West Coast.

Since the government has forced the Pullman company to separate, and get rid either of its manufacturing division or its operating division, and since the government is supposed to act in the interest and for the welfare of the American people—a logical question arises.

What possible effect on the welfare of all of us will the dividing of the Pullman company have? Their operating rates are set by government commission, their manufacturing prices are set by competition with other companies. Will this new move benefit the people at all? If so, how? The chances are it won't make any difference to anybody.

This is not the only puzzling thing about the federal government's attitude toward transport. For years it has been obvious that the people who travel—and shippers as well—might benefit in convenience if in no other way by a through line from coast to coast. As it is now, the traveler must change lines and Pullman care either at Chicago or New Orleans, waste time in so doing and usually at some expense.

The government will not allow a through line. Why? There seems no good reason to oppose it, several good reasons for allowing it. Certainly there are enough lines both in the west and in the east so that agreements or mergers could be allowed to give several competing through lines from coast to coast, so that the need of competition is not the answer. Canada has two through lines.

And railroads may not own steamship lines, and steamship lines may not own railroads—nor may a railroad line and a steamship line get together on any other basis. Nor may either own an airline. The government won't allow it. Why not? Canada's Canadian Pacific owns a coast to coast railroad line, a big steamship line and hotels. And the people of Canada seem to get pretty good service out of it, too.

AUG - 7 1944

## Future of the "Pullman"

Because the Pullman Company not only operated but built the sleeping cars used in American railroads, the term "pullman" has been applied to the car. It probably will continue, although, under a court decision, the company has decided to stop operating the cars and will simply build them and other vehicles of transportation.

It was forecast here several weeks ago that the railroads probably will take over the sleeping car operation, along with the diners, much as they did the express service. It seems a sensible enough arrangement.

We are interested in that individual who "takes care" of us while traveling via pullman. He is known generically as "George," probably because George Pullman started the service. The whimsical "Society for the Prevention of Calling Sleeping Car Porters George," was started in the '20s but the appellation still persists. For those who enjoyed his ministrations it is well to wish him continuance in an important service.

The railroads have done a grand wartime job and we hope prosperity will stay with them in peace, despite the competition of buses and airlines. There are some current speculations on passenger service relating to sleeping cars. It is known there are plans on the drawing boards, probably further, for three-decker berths, and for an improvement upon the new arrangement, the roomette. There is also discussion of the idea of cheaper travel on a basis of a "dollar for a bed" regardless of length of trip. These are ideas that bear on convenience and comfort and cost, but all come under the head of service.

Peace will be a period of some change in railroading and the "pullman" and "George" and the Average Traveler will all be part of it.

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Sault Ste. Marie, Mich., News  
Thursday, Aug. 11, 1944

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The cars may be sold to individual railroads, but the roads do not appear enthusiastic about this plan, contending that it would compel individual roads to buy additional cars to meet peak traffic demands, leaving idle cars standing in yards in slack seasons.

AUG - 7 1944

## Future of the "Pullman"

Because the Pullman Company not only operated but built the sleeping cars used in American railroads, the term "pullman" has been applied to the car. It probably will continue, although, under a court decision, the company has decided to stop operating the cars and will simply build them and other vehicles of transportation.

It was forecast here several weeks ago that the railroads probably will take over the sleeping car operation, along with the diners, much as they did the express service. It seems a sensible enough arrangement.

We are interested in that individual who "takes care" of us while traveling via pullman. He is known generically as "George," probably because George Pullman started the service. The whimsical "Society for the Prevention of Calling Sleeping Car Porters George," was started in the '20s but the appellation still persists. For those who enjoyed his ministrations it is well to wish him continuance in an important service.

The railroads have done a grand wartime job and we hope prosperity will stay with them in peace, despite the competition of buses and airlines. There are some current speculations on passenger service relating to sleeping cars. It is known there are plans on the drawing boards, probably further, for three-decker berths, and for an improvement upon the new arrangement, the roomette. There is also discussion of the idea of cheaper travel on a basis of a "dollar for a bed" regardless of length of trip. These are ideas that bear on convenience and comfort and cost, but all come under the head of service.

Peace will be a period of some change in railroading and the "pullman" and "George" and the Average Traveler will all be part of it.

AUG 9 - 1944

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■ault Ste. M. 1944, News

## Pullman's Turn

On October 5 a major change in a familiar American set-up is scheduled to occur. The Pullman Company on that date is to submit a plan for divorcing its sleeping car and car manufacturing operations. A new court order holds the manner in which this company has operated for three-quarters of a century illegal.

The sleeping car business is operated by the Pullman Company and the manufacturing end by the Pullman Standard Car Manufacturing Company, both being subsidiaries of Pullman Inc.

One possibility is the sale of the sleeping car business to the railroads, with the parent company retaining the manufacturing concern. This would turn over to 139 Class 1 railroads, 7,766 sleeping cars. There are various methods by which this division of cars could be carried out. It could be made on various roads. Another plan would distribute the the basis of average Pullman revenues shown by the sleeping cars to eastern, western and southern groups, thus permitting the maintenance of car pooling as at present practiced with the nation as a unit.

The cars may be sold to individual railroads, but the roads do not appear enthusiastic about this plan, contending that it would compel individual roads to buy additional cars to meet peak traffic demands, leaving idle cars standing in yards in slack seasons.

96

This Clipping From  
FRAMINGHAM, MASS.  
NEWS

AUG 10 1944

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WAUKEGAN, ILL. NEWS-SUN

Thursday, Aug. 10, 1944

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NILES, O.  
TIMES  
Cir. D. 3,968

AUG 12 1944

## EDITORIAL

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Cir. (D 19,314)

This Clipping From  
GREENVILLE, S. C.  
PIEDMONT

AUG 15 1944

## Pullman Seeking To Sell Cars To U. S. Railroads

CHICAGO, Aug. 15.—(AP)—The Pullman company has begun negotiations for the sale of its sleeping car business to the railroads, David A. Crawford, president, disclosed today in reporting a decline of two cents a share in earnings for the initial half of 1944.

Pullman has offered prospective purchasers of its sleeping car business an opportunity also to acquire the "going, experienced organization" which now operates the business, Crawford declared.

Sale of the company's sleeping car business is being consummated under terms of a federal court decree entered last May 8 which directed the concern to dispose of either its sleeping car service or its manufacturing subsidiary.

Purchase of the company's operating organization, Crawford explained, would assure purchasers of the sleeping car business effective maintenance of the "pool system of sleeping car service which the court . . . found to be desirable in the public interest and to the economic advantage of the railroads. . . ."

Cir. (D 2,920)

This Clipping From  
HUDSON, N. Y.  
REGISTER

AUG 14 1944

## PULLMAN COMPANY IS SELLING CARS

CHICAGO, Aug. 14.—(AP)—The Pullman company is opening negotiations for the sale of its sleeping car business to the railroads, D. A. Crawford, president, said yesterday in a second quarter statement to stockholders of Pullman, Inc.

Pullman is working out the proposal in accordance with provisions of a court decree requiring it to dispose either of its sleeping car or manufacturing business. Under the plan, Crawford said, prospective purchasers would be given an opportunity also to acquire "the going, experienced organization" which operates the centralized pool of sleeping cars.

"This would assure maintenance of the pool system of sleeping car service which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads, as well as maintenance of the high standards of travel service created by the Pullman company in its more than three-quarters of a century activity in this business," Crawford said.

Cir. (D 4,205)

This Clipping From  
ANDERSON, S. C.  
DAILY MAIL

AUG 14 1944

## Pullman To Sell Its Car Business

CHICAGO, Aug. 14.—(INS)—Pullman Inc. tonight revealed that it is opening negotiations for sale of its sleeping car business to the railroads.

The announcement was made in the second quarter statement to stockholders of Pullman.

Sale of the sleeping car business is in accordance with provisions of a federal court decree requiring Pullman to dispose of either the sleeping car business or manufacturing business.

Under the sale offer prospective purchasers would be given the opportunity also to acquire the "going, experienced organization" which operates the centralized pool of sleeping cars.

"This would assure maintenance of . . . sleeping car service which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads," the statement said.

The statement showed Pullman, Inc. had a net income for the first half of 1944 of \$4,338,905, compared with \$4,500,232 in the same period of 1943. The decline was reported due to termination late in 1943 of certain war contracts on which the corporation's subsidiaries had been working.

Cir. (D 16,438)

This Clipping From  
HARRISBURG, PA.  
PATRIOT

AUG 14 1944

## PULLMAN TO SELL SLEEPERS TO R.R.S.

Chicago, Aug. 13 (INS)—Pullman Incorporated tonight revealed that it is opening negotiations for sale of its sleeping car business to the railroads.

The announcement was made in the second quarter statement to stockholders of Pullman.

Sale of the sleeping car business is in accordance with provisions of a Federal Court decree requiring Pullman to dispose of either the sleeping car business or manufacturing business.

Under the sale offer, prospective purchasers would be given the opportunity also to acquire the "going, experienced organization" which operates the centralized pool of sleeping cars.

"This would assure maintenance of . . . sleeping car service which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads," the statement said.

Cir. (D 5,854)

This Clipping From  
LITTLE FALLS, N. Y.  
TIMES

AUG 14 1944

## PULLMAN WANTS TO SELL SLEEPING CARS TO RAILS

Chicago, Aug. 14.—The Pullman Co. is opening negotiations for the sale of its sleeping car business to the railroads, D. A. Crawford, president of Pullman, Inc. disclosed in a letter to stockholders.

Pullman is working out the proposal in accordance with provisions of a court decree requiring it to dispose either of its sleeping car or manufacturing business. Under the plan, Mr. Crawford said, prospective purchasers would be given an opportunity also to acquire "the going, experienced organization" which operates the centralized pool of sleeping cars.

"This would assure maintenance of the pool system of sleeping car service, which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads, as well as maintenance of the high standards of travel service created by the Pullman Co. in its more than three-quarters of a century of activity in this business," Mr. Crawford said.

"Such an agreement would also permit continuance of that mobility of cars, equipment, supplies and personnel which are necessary to meet the fluctuating demands engendered by the seasonal ebbs and flows of sleeping car travel throughout the country."

98

This Clipping From  
GREENVILLE, S. C.  
PIEDMONT

AUG 15 1944  
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Sale of the company's sleeping car business is being consummated under terms of a federal court decree entered last May 8 which directed the concern to dispose of either its sleeping car service or its manufacturing subsidiary.

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REGISTER

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The statement showed Pullman, Inc. had a net income for the first half of 1944 of \$4,328,005, compared with \$4,500,223 in the same period of 1943. The decline was reported due to termination late in 1943 of certain war contracts on which the corporation's subsidiaries had been working.

This Clipping From  
ASHEVILLE, N. C.  
TIMES

AUG 14 1944

# Pullman Will Sell Sleeping Car Business

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### Under Court Order

Sale of the company's sleeping car business is being consummated under terms of a federal court decree entered last May 8 which directed the concern to dispose of either its sleeping car service or its manufacturing subsidiary.

Purchase of the company's operating organization, Crawford explained, would assure purchasers of the sleeping car business effective maintenance of the "pool system of sleeping car service which the court... found to be desirable in the public interest and to the economic advantages of the railroad..."

Also, it would assure the public maintenance of "the high standards of travel service created by the Pullman company in its more than three-quarters of a century of activity in this business," Crawford added.

Crawford informed stockholders that "every effort will of course be made to protect stockholders' interests in any plan of separation that may be submitted on or before the required Oct. 5 date for approval of the federal district court."

### Net Income Drops

For the first half of 1944 the company's net income dropped to \$4,328,005 or \$1.34 a share on common stock, from \$4,500,323 or \$1.56 a share in the corresponding period of last year.

Gross income for the half year was \$166,579,974, compared with \$214,281,913 in 1943. Federal taxes paid in the first six months of 1944 amounted to \$14,529,531, compared with \$21,591,388 in the corresponding period of last year.

In the second quarter of this year the company's net income was \$1,076,795, or 64 cents a share, compared with \$2,466,472 or 75 cents, in the year-ago period.

The report explained that results of the quarter and half year for both 1943 and 1944 are "subject to renegotiation of prices on armament shipments."

As of June 30 this year, the company's current assets amounted to \$195,495,214, compared with \$172,630,017 on the corresponding date in 1930. The increase in current assets reflected a rise in cash and U. S. government securities to \$86,703,546 from \$61,073,977 and an advance in cost of inventories to \$33,065,067 from \$31,961,466.

This Clipping From  
NEW YORK, N. Y.  
TIMES

AUG 14 1944

# PULLMAN STARTS SALE NEGOTIATIONS

## Seeks to Dispose of Sleeping Car Service to Train Users Under Court Decree

Negotiations for the sale of its sleeping car business to the railroad users of that service have been opened by Pullman, Inc., according to D. A. Crawford, president, in a letter accompanying the report for the first half of 1944.

Mr. Crawford said that, under the proposal, which Pullman is working out in accordance with the provisions of a court decree requiring it to dispose of either its sleeping-car business or manufacturing division, the prospective purchasers also would receive the opportunity to acquire the "going experienced organization" that operates the centralized pool of sleeping cars.

"This would assure maintenance of the pool system of sleeping-car service, which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads, as well as the maintenance of the high standard of travel service created by the Pullman Company in its more than three-quarters of a century of activity in the business," Mr. Crawford said.

"Such an arrangement also would permit continuance of that mobility of cars, equipment, supplies and personnel which are necessary to meet the fluctuating demands engendered by the seasonal ebbs and flows of sleeping-car travel throughout the country.

"Every effort, of course, will be made to protect stockholders' interests in any plan of separation that may be submitted, on or before the required Oct. 5 date, for approval by the Federal District Court."

Pullman, Inc., reported for the six months to June 30, last, a consolidated net income of \$4,328,005 after charges and taxes, equal to \$1.34 a share on the capital stock outstanding, compared with \$4,500,323, or \$1.56 a share, in the similar period of 1943. Gross income was \$166,579,974, compared with \$214,281,913.

Balance sheet on June 30 shows current assets of \$195,495,214 and current liabilities of \$88,270,658, compared with \$172,630,017 and \$78,777,596, respectively, on June 30, 1943.

The company said that the decline in gross income this year affected primarily the termination in 1943 of certain war contracts on which the company's manufacturing subsidiary had been working.

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The report explained that results of the quarter and half year for both 1943 and 1944 are "subject to renegotiation of prices on armament shipments."

Cir. [D 455,825] [S 788,546]

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NEW YORK, N. Y.  
TIMES

AUG 14 1944

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Circ. (D 28,318)

This Clipping From  
NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL

AUG 14 1944

## Pullman Moves To Sell Sleeping Car Business

Opens Negotiations With Railroads to Dispose of Unit, Crawford Says

Would Include Pool System

From THE WALL STREET JOURNAL Chicago Bureau

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"This would assure maintenance of the pool system of sleeping car service, which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads, as well as maintenance of the high standards of travel service created by the Pullman Co. in its more than three quarters of a century of activity in this business," Mr. Crawford said. "Such an agreement would also permit continuance of that mobility of cars, equipment, supplies and personnel which are necessary to meet the fluctuating demands engendered by the seasonal ebbs and flows of sleeping car travel throughout the country."

Pullman Co.'s report of sleeping car operations for June and six months:

	1944	1943	1942
June gross	\$11,256,015	\$9,799,840	\$7,491,846
Net after tax etc.	1,968,577	1,987,925	1,887,925
Six months gross	62,905,570	56,493,487	42,787,821
Net after tax etc.	12,331,287	13,747,287	13,747,287

Pullman, Incorporated and Subsidiaries report for six months ended June 30:

	1944	1943
Earned per share	\$1.34	\$1.943
Gross inc. from all sources	166,579,974	214,251,913
Payments to railroads	11,842,211	11,581,658
Expenses	127,277,333	167,568,432
Depreciation	6,502,838	6,443,132
Federal income on operations	2,331,943	10,717,281
Res. post-war adjustments	1,197,388	1,574,107
Net income	\$4,328,065	\$4,900,323
Dividends	3,231,769	3,502,945
Surplus	\$1,096,296	\$1,397,378

Quarter ended June 30:

	1944	1943
Earned per share	\$1.14	\$1.75
Net income	2,076,794	2,466,472

\*After deducting \$1,197,588 post-war refund in 1944 and \$1,874,107 in 1943. †Subject to reorganization.

Balance sheet items of Pullman Inc. and subsidiaries follow:

	June 30, '44	June 30, '43
Total assets	\$305,573,448	\$307,588,520
Cash & U. S. Govt. securities	58,703,346	81,073,977
U. S. Treasury tax notes	19,942,000	32,753,000
Current mat. securities at cost	379,672	1,723,308
Inventories	31,085,087	31,961,446
Current assets	109,485,214	177,610,017
Current liabilities	88,270,658	78,777,394
Reserves	23,596,799	13,848,305
Surplus	49,010,465	49,704,645
Number capital shares	3,228,897	3,302,697

Milwaukee Journal  
Milwaukee, Wis.

AUG 14 1944

## Pullman Is Seeking to Sell 91 Car Business to Railroads

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Circ. (D 47,350) [S 41,001]

This Clipping From  
KNOXVILLE, TENN.  
JOURNAL

AUG 14 1944

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The announcement was made in the second quarter statement to stockholders of Pullman.

Sale of the sleeping car business is in accordance with provisions of a Federal Court decree requiring Pullman to dispose of either the sleeping car business or manu-

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Under the sale offer, prospective purchasers would be given the opportunity also to acquire the "going, experienced organization"

which operates the centralized pool of sleeping cars.

"This would assure maintenance of . . . sleeping car service which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads," the statement said.

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Circ. (D 28,318)

This Clipping From  
NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL

AUG 14 1944

## Pullman Moves To Sell Sleeping Car Business

Opens Negotiations With Railroads to Dispose of Unit, Crawford Says

Would Include Pool System

FROM THE WALL STREET JOURNAL CHICAGO BUREAU

CHICAGO—The Pullman Co. is opening negotiations for the sale of its sleeping car business to the railroads, D. A. Crawford, president of Pullman, Inc., disclosed in a letter to stockholders.

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Pullman Co.'s report of sleeping car operations for June and six months:

	1944	1943	1942
June gross	\$11,256,015	\$9,799,440	\$7,421,514
Net after tax etc.	3,711,181	3,048,517	2,487,425
Six months gross	\$3,965,570	\$6,462,487	4,797,421
Net after tax etc.	3,133,247	3,347,231	2,447,231

Pullman incorporated and subsidiaries report for six months ended June 30:

	1944	1943
Earnings per share	1.914	1.613
Gross income	41,34	41,34
Gross income from all sources	146,579,974	214,261,912
Payments to railroads	17,942,211	11,181,674
Expenses	127,271,303	167,369,132
Depreciation	4,502,434	8,443,132
Federal taxes on income	13,353,645	19,717,281
Real post-war adjustments	1,197,348	1,474,107
Net income	\$1,328,605	\$1,700,323
Dividends	3,251,740	3,502,845
Surplus	\$1,096,236	\$1,197,378

Quarter ended June 30:

	1944	1943
Earnings per share	5.83	4.75
Net income	2,074,798	2,446,472

\*After deducting \$1,197,554 post-war refund in 1944 and \$1,874,107 in 1943. \*Subject to re-estimation.

Balance sheet items of Pullman Inc. and subsidiaries:

	June 30 '44	June 30 '43
Total assets	\$365,373,444	\$307,984,520
Cash & U. S. Gov't securities	56,700,346	81,073,977
U. S. Treasury tax notes	19,942,000	32,750,000
Current mat. securities at cost	37,072	471,308
Investments	25,083,067	31,941,448
Current assets	109,888,241	172,640,617
Current liabilities	\$5,270,658	7,727,394
Reserves	23,596,908	18,448,305
Surplus	49,910,468	49,704,845
Number shares	3,229,587	3,362,897

\*After reserve.

Milwaukee Journal  
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MACON, GA.  
NEWS

AUG 15 1944

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Pullman has offered prospective purchasers of its sleeping car business an opportunity also to acquire the "going, experienced organization" which now operates the business, Crawford declared.

SALE OF THE company's sleeping car business is being consummated under terms of a federal court decree entered last May 8 which directed the concern to dispose of either its sleeping car service or its manufacturing subsidiary.

Purchase of the company's operating organization, Crawford explained, would assure purchasers of the sleeping car business effective maintenance of the "pool system of sleeping car service which the court found to be desirable in the public interest and to the economic advantage of the railroads."

ALSO, IT WOULD assure the public of maintenance of "the high standards of travel service created by the Pullman company in its

more than three-quarters of a century of activity in this business," Crawford added.

Crawford informed stockholders that "every effort will of course be made to protect stockholders' interests in any plan of separation that may be submitted on or before the required Oct. 5 date for approval of the Federal district court."

For the first half of 1944 the company's net income dropped to \$4,328,005 or \$1.34 a share on common stock, from \$4,500,323 or \$1.36 a share in the corresponding period of last year.

Gross income for the half year was \$166,579,974, compared with \$214,281,913 in 1943. Federal taxes paid in the first six months of 1944 amounted to \$14,529,531, compared with \$21,591,388 in the corresponding period of last year,

AUG. 16, 1944

### LITTLE ROCK NEWS GAZETTE With Pullman No Longer Running Pullmans.

There may have been nationwide frowning of eyebrows as reflex from something approaching a shock when a Chicago dispatch said the Pullman Company is opening negotiations for the sale of its sleeping car business to the railroads. The public would get much the same reaction from Pullman's going out of the sleeping car business that it would get if Standard Oil went out of the oil and gasoline business.

Pullman did not stay wholly in the business of operating sleeping cars. It branched out into building cars for railroads. It operates practically all the sleepers and luxury cars in the United States and Mexico and part of those in Canada—7,200 sleepers and 960 parlor cars and the remainder other types, including 22 private cars for special parties. But a Chicago plant of the Pullman interests has a capacity of 150 passenger cars and 1,063 freight cars and 15,000 car

wheels a month. The Michigan City, Ind., plant has the same capacity in freight cars and wheels and Pullman has wheel foundries at New Orleans, La., and Houston, Tex.

It's the federal government that is bringing this revolutionary change, with its laws regulating business. The government got a court decree requiring Pullman to dispose either of its sleeping car business or its manufacturing business. The Pullman people decided to give up the sleepers, but that inspired cabinet maker George M. Pullman is spared the shock. He has passed from the scene of his great achievements and the realm where his name will always ride the rails.

MONTGOMERY, ALA.  
ALABAMA JOURNAL  
Cir. D. 15,779

AUG 15 1944

### Public Ownership

Up in Chicago municipal ownership of a utility has taken on entirely new respectability. It seems that the city's surface and elevated lines are offered for sale to the public and the proposal is endorsed by every great banking and financial house in the city as well as most of those in the East. It is not stated whether the imminence of new methods of transportation has anything to do with this desire of the stockholders to unload their surface and elevated lines on the public, but there is a great change of heart in the attitude of utility security holders on the subject since the days of Sam Insull.

There is a similar development in the proposed disposal of the cars and equipment of the Pullman company. Some time ago the courts ruled that the Pullman company was a monopoly and could not engage both in the manufacture of Pullman cars and the operation of Pullman cars all over the United States. They were told that the company must dispose either of the cars or get out of the manufacturing business. The company has elected to continue manufacturing and is now offering all of its existing cars for sale to the railroads which move them.

The railroads are not too eager to take them on. It seems that new inventions have done much to make the present Pullman cars antiquated and that when the war is over the sleeping car will be a very different thing from what we have been used to. From the standpoint of the owner of a Pullman car, therefore, it would be good business to sell out while the selling is good.

It used to be called socialism when anyone urged public ownership of utilities. Now that so many of the former critics of the system are trying to sell something to the public, the Chicago Daily News refers to it as "socialist socialism." The financial angle naturally has its influence.

101

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7 10 3044  
ALABAMA JOURNAL  
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101



AUG 17 1944

## Many Roads Plan To Buy Pullmans, Objecting to Pool

### Some, However, Talk Of Exchanging Cars During Vacations

By ROBERT R. HASLETT,  
World-Telegram Financial Writer.

Many of the railroads are planning to operate their own sleeping and chair cars after Pullman, Inc., disposes of that end of its business in conformance with the court order directing the company to limit its activities to either the manufacturing or service end of its business, it was learned here today.

The proposal that the railroads form a co-operative company, similar to the American Express Agency, to take over Pullman's sleeping car business is meeting with little encouragement, it was indicated. There is some talk of three regional pools being formed, each operating independently in Eastern, Southern and Western territories, but the present outlook is that each of the roads will buy outright the sleeping and parlor cars they need and operate them as part of their regular passenger equipment.

Uses About 8000 Cars.

Pullman at present is operating between 8000 and 9000 cars. Many of them are old and outmoded, and the stress of war traffic is beginning to show on many more. By the time the war ends railroad men feel the number of cars still serviceable could easily be absorbed by the carriers and used to advantage until the new and more up-to-date equipment can be secured.

Under the single ownership plan, it is contended, roads like Central, Pennsylvania, New Haven and some transcontinental lines would have little difficulty in using a fixed number of sleeping cars for their regular overnight run schedules.

Lines like Seaboard and Atlantic Coast Line, with highly seasonal winter demand, might have a big surplus of sleepers during summer months, but it is believed such roads could then make arrangements to farm out their surpluses to Northern and Western roads enjoying a high volume of long-distance vacation travel.

No Details Given.

This exchange of sleepers could be made between individual roads, or through the agency of the Assn. of American Railroads, which through its car service division now supervises the exchange of

surplus boxcars to roads moving seasonal freight, such as grain and farm products.

Pullman announced this week it was working on a plan to dispose of its sleeping cars to the railroads, but no details were announced, and it is understood on good authority that the matter still is decidedly up in the air. The company has until Oct. 5 to file its plan with the Federal Court in Philadelphia, which ordered the separation of its interests after hearing testimony in the government's antitrust suit.

Circ. (D 234,202)

This Clipping From  
PITTSBURGH, PA.  
POST-GAZETTE

AUG 18 1944

## Rivalry of Railroads Detailed to Senators

### Authority Denies Monopoly Charges Made by Bidde

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"Nowhere except among the employees of the Department of Justice," Fletcher said, "is there to be found any sentiment that the transportation business of this country should be forced backward half a century to the days when rates were made 'in the dark' under competitive pressures with the biggest shipper wielding the biggest club and getting the lowest rate.

Small Shippers Protected

"Least of all can there be found sentiment for any such change among the smaller shippers, whose rights and interests the present system protects."

Fletcher's remarks were made to the Senate military subcommittee on war mobilization. He outlined research steps being taken by the Association of American Railroads to develop

postwar utility and improvements of rail services. Fletcher said the association was spending \$300,000 in such research work.

Admitting that railroad consultative committees establish rail rate changes, which are appealable to the Interstate Commerce Commission, Fletcher said it was true that ICC passed on a relatively few of the actual changes.

The fact that few are carried to ICC for review, he said, is "an indication of the extent to which shippers and railroads . . . are able to reach rate adjustments that are satisfactory."

Later Fletcher said that the carriers may assume operation of the Pullman Company's sleeping car facilities in effectuating the Philadelphia federal court order requiring the company to dispose either of its manufacturing business or its operating business. He added that the Pullman Company would inform the court October 5 that it would retain its manufacturing business.

102

AUG 17 1944

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CLEVELAND, O.  
PLAIN DEALER  
Circ. D. 227,657 — S. 391,062

AUG 18 1944

## Stock Exchanges to Close on Saturdays Due to Heat

Cleveland Joins New York in Avoiding Short Sessions for  
Next Three Weeks

BY GUY T. ROCKWELL  
Financial Editor

For the first time in 11 years perspiring governors of the New York Stock and Curb Exchanges have bowed to the heat and decided to close both exchanges the next three Saturdays—Aug. 19 and 26 and Sept. 2. W. J. Perry, acting secretary of the Cleveland Exchange, said governors immediately took action here and decided to close the Cleveland bourse on the three days. Governors of the Chicago Exchange took similar action.

Although no statements were issued, it was learned unofficially that attendance has fallen off steadily in the recent short two-hour Saturday sessions under stress of 90-degree and higher temperatures which have blanketed most of the country for two months.

Wall Street brokers also pointed out that while the floor of the stock exchange is air conditioned, little of such equipment has been installed in brokerage offices and that hot weather conditions were intensified for employees because of the hustle and busle nature of their work.

The last time the exchanges closed because of hot weather was in 1933, when both New York institutions closed on six summer Saturdays. It is likely that most of the other exchanges will follow the lead of New York and close and it is expected that unlisted trading will also be suspended.

### Roads May Take Over Pullmans

According to a railroad authority, the carriers may assume operation of the Pullman Co.'s sleeping car facilities in carrying out a federal court order requiring the company to dispose either of its manufacturing or its operating business.

Each railroad might buy a share of the Pullman Co.'s supply of sleeping cars, dividing the supply.

The railroads might pool the sleeping cars under the Association of American Railroads, with the right to shift the cars among railroads on a rental basis as freight cars now are shifted about as needs arise.

The railroads might organize a subsidiary to operate the sleeping cars, much as they organized and jointly own the Railroad Express Agency.

Freight loadings were again under 900,000 cars in week ended Saturday but this was an increase of 5,714 cars over the week before. It was 9,008 cars better than year ago. Miscellaneous shipments increased 2,528 cars, less than carlot loadings were up 1,654 and coal movement was up 4,158 cars.

CINCINNATI, OHIO  
ENQUIRER

Cir. D. 122,672 — S. 200,750

AUG 18 1944

## Monopoly Accusation Hit By Railroad Spokesman; Pullman To Make Change

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Fletcher said that the carriers may assume operation of the Pullman Company's sleeping car facilities in effectuating the Philadelphia Federal Court order requiring the company to dispose either of its manufacturing business or its operating business. He said that the Pullman Company would inform the court October 5 that it would retain its manufacturing business.

Chicago Jrn'l. of Comm.  
August 18, 1944

## Carriers May Run Pullman Sleepers, A. A. R. Declares

WASHINGTON, Aug. 17 (AP)—A spokesman for the Association of American Railroads said today that the carriers may assume operation of the Pullman Company's sleeping car facilities in effectuating the Philadelphia federal court order requiring the company to dispose either of its manufacturing business or its operating business.

R. V. Fletcher, association vice president, said in testimony before the Senate military subcommittee on war mobilization that the Pullman company would inform the court Oct. 5 that it would retain its manufacturing business.

The court decision, Mr. Fletcher said, posed a problem for the rail passenger industry, which until now had rented sleeping cars from the Pullman Company.

He said no solution has been agreed upon as yet, but several alternatives are under discussion. Questioning by Chairman Kilgore (D., W. Va.), Mr. Fletcher said there were these possibilities:

1. Each railroad might buy a share of the Pullman Company's supply of sleeping cars, dividing the supply.
2. The railroads might pool the sleeping cars under the Association of American Railroads, with the right to shift the cars among railroads on a rental basis as freight cars now are shifted about as needs arise.
3. The railroads might organize a subsidiary to operate the sleeping cars, much as they organized and jointly own the railroad express agency.

Mr. Fletcher said some solution would have to be presented to the Philadelphia court on the Oct. 5 date.

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CLEVELAND, O.  
PLAIN DEALER  
Cir. C. 227,657 — S. 391,062

AUG 18 1944

## Stock Exchanges to Close on Saturdays Due to Heat

Cleveland Joins New York in Avoiding Short Sessions for  
Next Three Weeks

BY GUY T. ROCKWELL  
Financial Editor

For the first time in 11 years perspiring governors of the New York Stock and Curb Exchanges have bowed to the heat and decided to close both exchanges the next three Saturdays—Aug. 19 and 26 and Sept. 2. W. J. Perry, acting secretary of the Cleveland Exchange, said governors immediately took action here and decided to close the Cleveland bourse on the three days. Governors of the Chicago Exchange took similar action.

Although no statements were issued, it was learned unofficially that attendance has fallen off steadily in the recent short two-hour Saturday sessions under stress of 90-degree and higher temperatures which have blanketed most of the country for two months.

Wall Street brokers also pointed out that while the floor of the stock exchange is air conditioned, little of such equipment has been installed in brokerage offices and that hot weather conditions were intensified for employees because of the hustle and bustle nature of their work.

The last time the exchanges closed because of hot weather was in 1923, when both New York institutions closed on six summer Saturdays. It is likely that most of the other exchanges will follow the lead of New York and close and it is expected that unlisted trading will also be suspended.

### Reads May Take Over Pullmans

According to a railroad authority, the carriers may assume operation of the Pullman Co.'s sleeping car facilities in carrying out a federal court order requiring the company to dispose either of its manufacturing or its operating business.

Each railroad might buy a share of the Pullman Co.'s supply of sleeping cars, dividing the supply.

The railroads might pool the sleeping cars under the Association of American Railroads, with the right to shift the cars among railroads on a rental basis as freight cars now are shifted about as needs arise.

The railroads might organize a subsidiary to operate the sleeping cars, much as they organized and jointly own the Railroad Express Agency.

Freight loadings were again under 900,000 cars in week ended Saturday but this was an increase of 3,714 cars over the week before. It was 9,008 cars better than year ago. Miscellaneous shipments increased 2,528 cars, less than carloadings were up 1,654 and coal movement was up 4,158 cars.

CINCINNATI, OHIO  
ENQUIRER

Cir. D. 122,672 — S. 200,750

AUG 18 1944

## Monopoly Accusation Hit By Railroad Spokesman; Pullman To Make Change

Washington, Aug. 17.—(AP)—Answering charges of monopolistic practices recently made by the Justice Department, R. V. Fletcher, Vice President of the Association of American Railroads, told a Senate Committee today "most active intense competition" exists within the industry and between railroads and other forms of transportation.

Fletcher referred to public statements made by Attorney General Francis Biddle and his assistant, Wendell Berge, criticizing rate-making methods and other railroad practices. Biddle in a speech at Spokane spoke of an impending antitrust action against Western carriers.

"Nowhere except among the employees of the Department of Justice," Fletcher said, "is there to be found any sentiment that the transportation business of this country century to the days when rates were made 'in the dark' under competitive pressures with the biggest shipper wielding the biggest club and getting the lowest rate.

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NEW YORK, N. Y.  
JOURNAL-AMERICAN  
Cir. D. 641,194-S, 1,067,857

AUG 18 1944

## 3 Steps Weighed On Pullman Cars

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Fletcher said some solution would have to be presented to the Philadelphia Court Oct. 5.

UNION CITY, N.J.  
HUDSON DISPATCH  
Cir. D. 28,187

AUG 10 1944

## Says Post-War Business Must Give 55 Million Jobs

By Associated Press.

ABSECON, Aug. 9—Between 3 and 5 million persons will be unemployed in the United States within 6 months after the end of the war in Europe compared with less than a million out of work now, a government official predicted today.

A. Ford Hinrichs, acting commissioner of the U. S. Department of Labor's Bureau of Labor Statistics, made the statement, adding, however, that after those 6 months employment would increase until the end of war in Japan. Then he said, there would be another decline.

After the end of all hostilities, Hinrichs said, business must "expand the demand for labor so that there will be 53 to 55 million jobs—not 51 million as at present; not 46 million as before the war."

Dr. Charles Rows, president of Econometric Institute, which acts as a management consultant to industry and business, said "the Office of Price Administration should be abandoned at the end of the European war."

"The current price level is within 5 percent of where it would have been without OPA ceiling price controls," he continued.

"Our studies indicate that efforts of the OPA have largely been unfruitful. Many of the effects on OPA ceiling prices have been to shift demand and price pressure to competing commodities not under the same degree of control."

R. V. Fletcher, vice president of the Association of American Railroads, commented that "the government has just succeeded in forcing the Pullman Co. to abandon the operation" of its sleeping cars.

"Just how the public convenience has thereby been subserved, no one is able to explain," he said.

Lew Hahn, general manager of the N. R. D. G. A., said he thought increased plant capacity after the war would enable manufacturers to turn out 50 percent more consumer goods. Competition among retailers will be keener because of new outlets and new terms of distribution, he added.

BOSTON, MASS.  
Christian Science Monitor  
Cir. D. 141,442

AUG 18 1944

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NEW YORK, N. Y.  
HERALD-TRIBUNE  
Cir. D. 356,512 — S. 539,023

AUG 18 1944

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**Pooled Ownership or Special Operating Subsidiary Are Possibilities, Fletcher Says**

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WALL STREET JOURNAL

PACIFIC COAST EDITION  
415 Bush St. San Francisco, Calif.

AUG 18 1944

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NEW YORK, N. Y.  
NEWS  
Cir. D. 2,000,999—S. 3,893,395

AUG 25 1944

## ROOSEVELT VS. PRIVATE ENTERPRISE

President Roosevelt's legal man Friday, Attorney General Francis Biddle, has just started another of those anti-trust suits of which he and his boss are so fond.

This latest suit is against the American Association of Railroads, the Western Association of Railway Executives, J. P. Morgan & Co.; Kuhn, Loeb & Co.; 47 railroads and their top executives, and 31 other individuals mixed up with railroading. It is charged that together these parties have constituted a trust in some vaguely described way having to do with freight rates East and West.

The suit comes at a time when we are in two major wars, when the railroads are hauling more freight and passengers than ever before, and when almost everybody is cheering the rails for the excellent job they are turning in. They are undermanned and overloaded. Yet they have kept accidents to rockbottom level up to now, despite deteriorating equipment and the difficulty of getting replacements, and they keep shuttling troops and war materials to the ports with unflinching regularity and speed.

It seems a strange time to bring such a suit—strange until you consider the general pattern into which this suit falls.

This is the same sort of thing as the anti-trust suit against the Associated Press, a large cooperative news-gathering agency which has stiff and capable competition and is therefore not a trust. The Roosevelt Administration brought that suit and pressed it to some sort of victory in the lower courts, though the Supreme Court has yet to pass on it finally.

The railroad suit, too, is of a piece with the anti-trust suit against the Pullman Co., which Biddle pressed to a Government victory. The Pullman Co., making and operating the best sleeping cars in the world, was ordered either to quit making or to quit operating them—the traveling public to take it on the chin.

The only logical conclusion from all these things, so far as we can see, is that the Roosevelt Administration is an implacable enemy of American private enterprise and individually owned business, and is out to break up those basic American institutions if it can and in any way it can.

PATHFINDER

Washington, D. C.

Sleepers for Sale

The nation's sleeping car business has been placed on the bargain counter for a quick sale. U.S.A. railroads are expected to snap it up.

Federal Court in Philadelphia on July 7 ordered Pullman, Inc., to get rid of either its sleeping car business or car manufacturing industry. It has elected to keep the latter, get rid of the less lucrative transportation business.

Apparent reason for Pullman's decision is found in radical re-designing of railroad passenger and freight cars for introduction in the postwar era. Pullman-Standard (Pullman subsidiary) builds a sizeable proportion of all rail cars.

Pullman's separation plan must be filed before Oct. 7, put into operation within a year. The railroads have indicated they will form a jointly-owned company to take over the sleeping car business.

AUG 28 1944

105

NEW YORK, N. Y.  
HERALD-TRIBUNE  
Cir. D. 356,512 — S. 539,023

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Cir. D. 2,000,999—S. 3,893,935

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**Another "Trust"**

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*This Clipping From*  
**ROANOKE, VA.  
WORLD-NEWS**

**AUG 23 1944**  
**Future of the Pullman Business**

*(Richmond News Leader)*

Unscrambling of the Pullman Company is an unnecessary and uneconomical proceeding, but if the manufacture of equipment is to be separated from the operation of sleeping and chair cars, the present company is certainly right in expressing the hope that a new corporation will take over the unified servicing of those cars.

The hope of the company should be the mandate of the traveler. It is bad enough at present to have the modern equipment concentrated on such profitable routes as, say, those from Chicago to New York, while passengers who use other travel routes have accommodations that have not been changed in any major respect, other than air-conditioning, for the past 20 years. If each railroad has to provide and service its own sleeping car equipment after the war, then travel on some lines will be well-nigh intolerable. A central servicing company, on the other hand, might be prevailed upon to assign some of its good equipment to "the provinces."

Perhaps the hopeful aspect of a generally unpromising situation will be the changed status of the Pullman Company itself. If it is to concentrate exclusively on the manufacture and sale of equipment, it will introduce the long-delayed improvements and do its utmost to get the railroads to discard the old Pullmans it now keeps in service.

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*(Richmond News Leader)*

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The hope of the company should be the mandate of the traveler. It is bad enough at present to have the modern equipment concentrated on such profitable routes as, say, those from Chicago to New York, while passengers who use other travel routes have accommodations that have not been changed in any major respect, other than air-conditioning, for the past 20 years. If each railroad has to provide and service its own sleeping car equipment after the war, then travel on some lines will be well-nigh intolerable. A central servicing company, on the other hand, might be prevailed upon to assign some of its good equipment to "the provinces."

Perhaps the hopeful aspect of a generally unpromising situation will be the changed status of the Pullman Company itself. If it is to concentrate exclusively on the manufacture and sale of equipment, it will introduce the long-delayed improvements and do its utmost to get the railroads to discard the old Pullmans it now keeps in service.

JUN 7 - 1944



**BEHIND THE SCENES  
IN AMERICAN BUSINESS**  
By JOHN CRAWDOCK



Tool-Making Threatened—In the

next few weeks, we'll see the climax of a development of unusual significance to American business. On July 7 a federal district court decree ordering the disintegration of one of the nation's most important war (and peace) industries is scheduled to become effective. That a major war producer should be dislocated in the midst of war is astounding enough, but the case may have even more far-reaching peacetime results. After several years of litigation, the Pullman organization has been already ordered by the court to give up its sleeping car manufacturing business or its operation of sleeping cars, with which it serves nearly all of the nation's railroads. The company producer of ships, tanks, shells, guns, aircraft sub-assemblies and a long list of ordnance equipment, and carrier of a heavy portion of military and civilian railroad passenger traffic was ordered to split itself because of its "sole occupancy" of the sleeping car field. David A. Crawford, president of the company, which in peacetime builds its own sleeping cars, says the decree "involves and threatens the fundamental right of a contractor to make

for himself the tools with which he does his job," and while Pullman is studying the order, it is this issue that is drawing unusual current attention in business circles.

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## Railroads:

### War Shift After Nazi Defeat Appraised for Its Effect on Traffic

Directors of the Association of American Railroads discussed yesterday with Col. J. M. Johnson, director of the Office of Defense Transportation, the problem of a major switch in railroad operations from the East to the West to permit concentrating on the defeat of Japan once Germany is knocked out of the war. The meeting was held in Washington.

The directors also discussed the question of operating Pullman service in the future, in view of the a recent federal court order directing Pullman, Inc. to give up the manufacture of Pullman cars or its service division, and the company's decision to dispose of the latter unit.

Colonel Johnson expressed the view, it was stated, that the roads would be able to make the shift in traffic flow without difficulty and regardless of how suddenly the change takes place.

At the present time, he said, ton-miles of traffic being handled by the carriers are equal to the 1943 peak of last October and the volume is still growing, but the roads are handling the volume with relative ease.

An A.A.R. spokesman said that no conclusions were reached on the question of sleeping car operation, pointing out that Pullman has not yet approached the railroads collectively regarding sale of Pullman cars to the carriers. There are only four possible ways in which the sleeping car problem might be solved, this spokesman said: Creation of a national railroad pool; establishment of regional rail pools; the purchase of Pullman's cars by individual railroads; and the entrance of an outsider into the sleeping car field.

Future business prospects, with particular reference to the changes which may occur when Germany falls, also were discussed. The consensus was that there will be a decline in total freight volume at that time, with a fairly heavy decrease in the eastern part of the country.

There has been an improvement in railroad manpower, it was stated, and roads generally are better off in this respect than for several months. A total of 61,000 workers has been added to the rail labor force in the last 19 weeks, it was reported, but the carriers still need 85,000 workers.

... Things Seen, Heard And Done ...

AMONC *New York Age*  
PULLMAN 7/29  
EMPLOYEES

By J. T. REED



derstand why so many porters have, all at once become interested in the future of the Pullman Company. According to the many hard things that they have said about the unfairness of the company towards their employees and especially their unfairness to the porters.

As to why they should be in any way interested in what becomes of the Pullman Company. In fact, it would seem that they should feel happy now that some one has come forward and put them out of business. Yet it is just the opposite; most every porter that you meet now wants the Pullman Company to hold on to the operating of their cars. But, from the way things appear now, it looks very much like the company is going to sell the servicing of their cars to some other concern.

Who will be the purchaser? Your guess is as good as mine. I do believe, however, that whoever takes over the operating of Pullman cars, are going to make changes and in those changes it is going to be just like in all other businesses. Some one is going to be hurt, especially those who have been just out there getting by on the reputation of those rendering first class service to the "Traveling Public." The Pullman Company knows who they are, and will no doubt inform the purchasers of their cars. Because, after all the company will continue to build Pullman accommodations and the demand for that accommodation will depend on the service rendered by the individuals who are assigned to these various accommodations. The Pullman Company will want the public to demand the deluxe cars which they are going to continue to build and if the service is not up to standards, there will be no demand for them.

There is much speculation among the porters, as to what is going to happen to them if the Pullman company turns over their operating department to some other concern. Well, I personally don't un-

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## Pullman Car Properties / Are Offered for Sale

CHICAGO.—The first step toward segregating its sleeping-car properties from its manufacturing business has been taken by Pullman, Inc., in a report to stockholders. The company is offering its cars to railroads which use Pullman sleeping-car service. "We would propose to include in the plan to be developed for take-over of the sleeping-car business by a railroad buying group, the opportunity for continuation of the centralized pool of sleeping-car operations under the management of a going, experienced organization that could be taken over with the physical properties," it was stated in the report made by D. A. Crawford, President.

From this it is evident that Pullman hopes and expects to have its staff taken over intact by the railroads which buy the cars with the thought that the operations will continue substantially under present methods and supervision.

## Carriers Study Regional Pools For Pullmans

### Rails Find Taking Over Of Sleeping Car Service Presents Knotty Problem

By NANCY FORD

Formation of a corporation by the railroads similar to the Railway Express Agency to take over and operate the sleeping car equipment of the Pullman Company should not be regarded as an "open-and-shut" proposition, informed sources declared here yesterday.

At the same time, these sources disclosed that in some quarters it was felt that regional sleeping car pools in designated areas would be more desirable than a centralized pool, and that proposals along these lines are being injected into current discussions.

As one railroad official put it:

"It may well be that current negotiations between Pullman and the railroads will end with the carriers virtually taking over the present Pullman operation, including sleeping car equipment and personnel, but to assume that such a program is an open-and-shut proposition, as has been the tendency in recent press reports, is erroneous."

#### Tankcar Plan Considered

Proponents of the regional pool plan suggest that one approach to this type of operation would be the formation of companies similar to those which provide tank and refrigerator car services. Under this arrangement, sleeping cars could be operated for the benefit of carriers, having a community of interests, and leased to similar car-operating companies in other territories to meet seasonal demands. It is believed that the regional type of operation would tend to stimulate competition in providing better equipment and service.

Under a federal court decree, Pullman, Inc., must divest itself of either its car manufacturing business, or its operating division, and must submit a plan for separation of the units to the court by Oct. 5. Pullman has decided to dispose of its operating company, and has opened negotiations with the carriers.

#### Severe Plans Studied

Spokesmen for the Association of American Railroads have stated that several plans have been under study, including the following:

1. Each railroad might buy a share of Pullman's supply of sleeping cars, dividing the supply.

2. The railroads might pool the sleeping cars under the A.A.R., with the right to shift the cars among railroads on a rental basis as freight cars now are shifted to meet individual needs.

3. The railroads might organize a subsidiary to operate the sleeping cars, much as they organized and jointly own the Railway Express Agency.

Recent reports have placed more emphasis on the plan listed as No. 3, and indicated that progress was being made in a program by which the sleeping car equipment of the Pullman Co. would be pooled by the carriers, with the roads buying the equipment according to size and need, and sharing proportionately in the profits.

#### Might Mean New Company

These reports also suggested that the agreement on a pooling arrangement would result in the formation of a new company which probably would retain present executive personnel of the sleeping car division of Pullman.

Railroad officials admit that the court decision requiring separation of the Pullman companies has presented a problem to the railroad passenger industry, which has in the past rented its sleeping cars from Pullman.



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TO THE EDITOR:

The following editorial to be published in the current issue of the *Railway Age* is sent to you in advance for such quotation from or comment upon it as you may choose to make.

Release for Saturday, September 9, 1944.

*RAILWAY AGE.*

## THE ISSUE—ANTI-TRUST LAW VERSUS INTERSTATE COMMERCE ACT

"In proceeding against the railways for alleged violation of the anti-trust law, the Department of Justice has raised an issue that the nation's railways, its shippers and the Interstate Commerce Commission should immediately take to Congress," *Railway Age* declares. "It is the issue of the anti-trust law versus the Interstate Commerce Act.

"For a third of a century—most recently in an editorial published on June 24, 1944—the *Railway Age* has been pointing out that, as regards the railways, there has been apparently a direct conflict between these two laws. Success of the Department of Justice's suit would prove that this apparent conflict is *real*, and that the railways cannot fully comply with either law without laying themselves open to prosecution for violating the other.

"Such conflict of laws is the essence of tyranny. Actually, it makes the government one of men, and not of laws, because it enables public officials to choose, in accordance with their own purposes, political or otherwise, at any given time, whether they will enforce one law or another, and, as in this case, to proceed against citizens under one law for means they have adopted in order to comply with another.

"By express provision of the Interstate Commerce Act, it is made the duty of the Interstate Commerce Commission to administer and enforce that law. It is the duty of the Department of Justice to enforce the anti-trust act. The indisputable record given by the *Railway Age* in an editorial in its issue of September 2, page 361, proves that the organizations formed and the policies and methods adopted by the railways for which the Department of Justice is now proceeding against them under the anti-trust act, were formed and adopted in accordance with suggestions made to them by the Interstate Commerce Commission, President Roosevelt and Co-ordinator of Transportation Eastman; and that the object of these organizations, policies and methods has been to give better effect to the provisions and purposes of the Interstate Commerce Act. It is a crime punishable with heavy penalties for the railways not to obey the provisions of the Interstate Commerce Act. But now the Roosevelt administration's Department of Justice, after having failed for over a decade to challenge the methods and policies being publicly followed by the railways to give effect to the Interstate Commerce Act, has charged that these methods and policies are crimes under the anti-trust act.

"The remedy for the situation is obvious. The *Railway Age* has pointed it out over and over again. The true purpose of the anti-trust act is to enforce virtually unrestricted competition in other industries which are not subjected to the kinds of regulation and control to which the railways are subjected under the Interstate Commerce Act. Congress should decide whether it does or does not want the same kind of competition in transportation that it desires in most other industries. If it wants such competition in transportation, it should repeal the Interstate Commerce Act, for such competition is wholly incompatible with the Interstate Commerce Act. If Congress prefers continuance of effective regulation of the railroads by the Interstate Commerce Commission, then it should pass an act specifically exempting all carriers from the anti-trust law, and putting them under equal regulation exclusively by the Commission.

"There is little difference of opinion among students of transportation as to which of these policies should be adopted in the public interest. The principal purpose of the Interstate Commerce Act from its inception has been to prevent unfair discriminations. Actual repeal of the Interstate Commerce Act, or its virtual repeal by success of the government's suit against the railways under the anti-trust law, would cause a revival of unrestricted competition, especially in rate-making, resulting in chaos and widespread bankruptcy in all forms of transportation, and in many more and much worse forms of unfair discrimination between shippers, communities and territories than ever prevailed in the worst days of railway rebating. On the other hand, legislation exempting all carriers from the anti-trust act, and subjecting all equally to the Interstate Commerce Act, would not prevent competition in transportation, but would enable the commission to control it and accomplish the purposes for which the commission was created and for which it has been given more and more power for fifty-seven years.

"If the public and Congress want unrestricted competition in transportation, as demanded by the Department of Justice, they can have it. If they want regulation of transportation, as provided by the Interstate Commerce Act, they can have it. They cannot have both; and the Department of Justice, if it presses its suit against the railways, will soon force the public and Congress to choose which they will have."

## RAILROADS MAY BUY PULLMAN

BY ROBERT P. VANDERPOEL  
Financial Editor

The railroad executives of the nation are studying a plan for the sale to the roads of the sleeping car business of the Pullman Company, it was revealed today.

The plan calls for the organization of a new corporation, the Railway-Pullman Car Company, by a buying group formed among those railway companies interested in acquiring the sleeping car business.

It would be necessary for this buying group to raise initial cash capital of around \$30,000,000 and in addition sell to banking interests about \$18,300,000 of equipment trust certificates.

The Pullman Company would undertake to sell to the new concern its 4,000 standard sleeping cars at the depreciated price of \$24,359,810. It would sell its shops, laundries and inventories of materials and supplies at cost price of approximately \$17,800,000. This makes a total selling price of about \$42,159,810.

### TOURIST CARS OPTIONAL

Some 2,200 tourist sleeping cars, fully depreciated by the Pullman Company, may or may not be purchased by the new company at their salvage value of around \$4,400,000.

In addition there are slightly more than 800 relatively new, lightweight sleeping cars, with a depreciated value of \$39,000,000. The railroads using these cars have a contract giving them a first call on their purchase.

The net proceeds to the Pullman Company would be slightly in excess of \$81,000,000 as against a "book" figure on Dec. 31, 1943, of about \$78,900,000.

The \$30,000,000 suggested capital for the new company would not include funds for the purchase of the tourist sleeping cars or any new lightweight cars not desired by the railroads which have contract call upon them. It would include almost \$5,000,000 of cash for initial working capital.

### PERCENTAGE BASIS PLAN

The plan suggests that the railroads participate in the Railway-Pullman Sleeping Car Company on the basis of the percentage of gross revenue of the sleeping car business earned on their lines during the fairly normal postwar year 1940.

Under this arrangement the Pennsylvania Railroad would have approximately a 19 per cent in-

terest. New York Central approximately 16½ per cent. Southern Pacific 8½, Atchafson and Union Pacific about 6½ each, and other roads a smaller share.

In the event that some road did not care to participate, the proportion of other roads would be increased correspondingly.

Continuance of the centralized pool system of sleeping car operation, it is pointed out, would be provided under this plan, which calls for the taking over by the new company of the entire personnel of the sleeping car division of Pullman with the exception of certain elected officers of the Pullman Company and certain members of their clerical staffs.

According to present plans, the "take-over" will occur Jan. 1, 1945.

**Pullman Company's** decision to dispose of its sleeping and parlor car operations, as a result of a government demand to divorce the sleeping car operation from the car-building operation, has many people worried for fear that hereafter we may find some roads operating their own sleepers, or farming out the job to incompetent operators. They fear we may run into a situation where one night on a Pullman we may find us well treated and served, whereas the next night we may be badly served and poorly treated. It seems possible that if several different outfits operate Pullmans in the future, we may expect variations in service similar to that found in hotels today. We cannot understand the government's attitude in this case, but that's not unusual—there are many government decrees and decisions today which we, in our innocence, fail to understand. We are indeed sorry to see the Pullman Company forced to abandon its sleeping car operation. It has always done an excellent job.

**Travel Conditions** continue to be more and more congested, if that is possible. Some businesses have begun to discourage trips of executives to conventions and meetings in an attempt to relieve the situation. While much business travel is imperative, it is possible that some reduction could be brought about by a more careful check of all business trips. Somebody has to stop traveling or there will be more serious difficulties than we have ever faced. Despite herculean efforts of the railroads to handle the traffic, there is a limit to the number of people who can be transported. It seems that the more difficult travel becomes the more people clamor to go places. Biggest possible source of relief would come if government people would work more, travel less.

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**Pullman Company's** decision to dispose of its sleeping and parlor car operations, as a result of a government demand to divorce the sleeping car operation from the car-building operation, has many people worried for fear that hereafter we may find some roads operating their own sleepers, or farming out the job to incompetent operators. They fear we may run into a situation where one night on a Pullman may find us well treated and served, whereas the next night we may be badly served and poorly treated. It seems possible that if several different outfits operate Pullmans in the future, we may expect variations in service similar to that found in hotels today. We cannot understand the government's attitude in this case, but that's not unusual—there are many government decrees and decisions today which we, in our innocence, fail to understand. We are indeed sorry to see the Pullman Company forced to abandon its sleeping car operation. It has always done an excellent job.

**Travel Conditions** continue to be more and more congested, if that is possible. Some businesses have begun to discourage trips of executives to conventions and meetings in an attempt to relieve the situation. While much business travel is imperative, it is possible that some reduction could be brought about by a more careful check of all business trips. Somebody has to stop traveling or there will be more serious difficulties than we have ever faced. Despite herculean efforts of the railroads to handle the traffic, there is a limit to the number of people who can be transported. It seems that the more difficult travel becomes the more people clamor to go places. Biggest possible source of relief would come if government people would work more, travel less.

## Pullman Offers Sleeping Car Unit to Railroads

Proposes That Carrier-Owned  
Company Be Formed to  
Operate Business

Price Put at \$42.1 Million

The Pullman Co., in the first definite plan since a court decree directed the separation of the sleeping car business and the manufacturing business of Pullman Inc., has proposed to the railroads the formation of a new company—the Railway-Pullman Sleeping Car Co.—to operate the sleeping car service on behalf of all the railroads.

A circular letter has been received by railroads operating sleeping cars under contract with Pullman, advising them of the company's desire to negotiate "a plan for disposition of the Pullman sleeping car business." Under the decree the company is required to submit a plan to the court by October 5.

The proposed new company would be organized and operated by railroads interested in maintaining their present Pullman sleeping car service and would acquire the Pullman properties.

### Railroads Divided on Proposal

Reports in railroad circles indicate there is a definite division of opinion as to the future Pullman service.

A program, such as that of Pullman Co. to dispose of the sleeping car properties lock, stock and barrel to an operating pool for the benefit of all railroads, is expected to run into strong opposition from the New York Central, the D. & H., Lackawanna, and western railroads who know at all times what their Pullman requirements are.

Such railroads would rather buy outright their required equipment, either from the present Pullman stock, or, buy new modern equipment in the open market from Pullman-Standard Car Manufacturing, Budd, American Car & Foundry, or any other builder.

The pool idea, several officials assert, would be highly beneficial to railroads which have slack and busy periods in sleeping car travel.

Under the Pullman proposal, prices of the units involved are based upon sale of the property as a whole and not on the basis of offering parts of the company to individual railroads or regional groups, a proposal which has been mentioned frequently as more desirable to some railroads.

### Price Put at \$42.1 Million

The selling price determined by the company on the basis of "investment cost of property units less the depreciation reserves accumulated on these units" is \$42,168,551 "for properties definitely to be included in initial purchase transaction."

These include 4,034 heavyweight standard class sleeping cars and composite cars, 2,208 heavyweight cars of tourist sleeper class, shops, laundries, etc., and inventories of materials and supplies.

In addition the company has set a price of \$39,156,671 on 605 lightweight sleeping cars and four lightweight composite cars which are "contingently excluded from initial purchase transaction on account of uncertainty as to prior purchase by individual railroads."

Excluded from Pullman's offer for sale also are its share holdings in the Railroad Rolling Stock Patents Corp., "formed jointly several years ago with the New York Central, the Pennsylvania and the Chrysler Corp. for experimentation on and improvement of railroad cars."

Touching on the financing phase of the transaction, Pullman points out that investment houses probably would advance 75% of the purchase price of the heavyweight, standard equipment, secured by equipment trust certificates. It also proposes that "subject to court approval, arrangements could be made for the Pullman Co. to carry the deferred credit part of the transaction" should there be any difficulty in marketing the equipment trusts.

Under this arrangement, Pullman Co. figures that the proposed Railway-Pullman Sleeping Car Co. would require approximately \$30 million in cash, of which \$5.9 million would be initial working capital. This would be increased proportionately if the new company, rather than the railroads, should acquire the \$39,156,671 of modern lightweight cars.

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### The Pullman Plan

Following the order of the Court to divest itself of either its manufacturing or operating subsidiaries, Pullman Co. has decided to offer the operating company to the railroads to be owned by them en bloc as is the Railway Express Agency. This is a logical step involving no important necessary change in the practical operation of sleeping car service on the railroads.

As everyone knows, the demand for this service exhibits a considerable variation at various times of the year over a large part of the country. It has been met until now by the Pullman Company's operating department, which has for twenty years been separately incorporated (as has the parent company's manufacturing department) and has conducted the service by a flexible pool of equipment which is shifted from one part of the country to another as the demand required. It has dealt with the railroads by contracts designed to meet the varying requirements of the systems. Transfer of the operating com-

pany's ownership from Pullman Co. to that of the railroads would not necessarily involve any important change in methods from those now employed.

Experience of rail carriers is, however, not uniform as to the degree of fluctuation in demand for sleeping service at various seasons. Some—in eastern and western districts, for example—have a steadier demand than do others whose travel between North and South fluctuates largely between winter and summer. The former class is reported as preferring to handle its sleeping service in its own equipment. The pool method suits the latter better. Pullman Co. desires to sell the operating company as a unit to a single railroad-owned company.

Whether it will be possible to devise a hybrid system between the pool method and individual ownership of equipment remains to be seen. On general principles it would seem that the desires of the railroads which want their own should be possible of satisfaction by contract with a single operating company, but a careful exploration of the Pullman proposal will doubtless develop all the points of importance. Existing contracts between Pullman Co. and the railroads are not very complicated documents as they stand.

Pullman Co. places a price of \$42.1 million on the main standard heavy-weight and tourist equipment and accessories included in its present offer. It has reserved for special treatment a number of lightweight and composite units which it values at over \$39 million. In making the offer it has complied with the Court's order to produce a plan for divestment of one or other subsidiary by October 5. Under what

ever ownership results the new owners will purchase new equipment in an open competitive market. On general principles this should result in a continuous improvement in accommodations. This is not to belittle the improvement made by the Pullman Co. itself in recent years.

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Sept. 20, 1944

## Pullman Split Is Delayed by Sale Problems

### Proposals to Railroads Make Little Progress for Oct. 5 Deadline on Plan

By NANCY FORD

There is little likelihood that Pullman, Inc. can report substantial progress in its negotiations with the railroads for their acquisition of its sleeping car business when Pullman files its plan for separation of this unit from its car manufacturing unit with the federal court in Philadelphia on Oct. 5.

This opinion is held by informed railroad circles which point out that the carriers have not had sufficient time to come to any industry-wide conclusions regarding the difficult problems raised by the decree entered this Spring in the government's antitrust suit against Pullman.

**One Year Set for Plan**

By that decree, Pullman was ordered to divest itself of either its car manufacturing or its sleeping car business, and to file a plan for such separation by Oct. 5 "for hearings and approval." The order also gave Pullman one year to effectuate the plan after its approval, falling which the court would initiate its own plan.

Pullman will inform the court it has elected to dispose of its car operating facilities, and file as part of its plan for segregation the proposals addressed on Aug. 30 to rail carriers with whom it has service contracts.

Under these proposals, the carriers would form a new company to take over the sleeping car facilities of Pullman, including supplies and maintenance facilities, and certain of its management and operating personnel. Pullman urged the advantages of the centralized pool plan over other suggestions that had been advanced, such as regional pools and direct ownership of sleeping cars by individual roads.

**Pullman Declines Comment**

Pullman officials yesterday declined to comment as to what, if any, formal response they had had from the contract carriers, singly or as a group, stating that any such statement would be appropriate only when made to company stockholders or to the court.

Railroad sources, however, declared that there still were several schools of thought as to the future operation of railroad sleeping car services, and that it was unlikely that present discussions would end in anything definite before the

date Pullman is required to go into court. As yet, no meeting of member roads has been called by the Association of American Railroads to discuss the matter on an industry-wide basis, although it is believed that the board of directors of A.A.R. may discuss it informally at its forthcoming meeting scheduled for Sept. 29.

**Pennsy Has Own Plan**

Meantime, it is said to be an open secret that the Pennsylvania Railroad is planning to buy and operate its own sleeping cars, and has called meetings with its connecting lines to discuss interchange and other operating problems.

Such a decision on the part of Pennsy, a large user of Pullman equipment, would not render a centralized pool plan impracticable, railroad officials said. There are still widely varying opinions as to whether a national pool is superior to regional pools.

Proponents of the latter contented that sleeping cars could be operated for the benefit of carriers having a community of interests and leased to similar car-operating pools in other territories to meet seasonal demands. Also, they hold that this type of operation would tend to stimulate competition in providing better equipment and service.

**Opinion on Values**

In some quarters it is felt that the values placed by Pullman on its facilities in the Aug. 30 proposals are high. A figure of \$42,168,551 was named for heavyweight standard sleeping cars and supplies and maintenance facilities. This included 4,034 standard class sleeping cars and composite cars at an average selling price of \$6,038, and 2,298 fully depreciated heavyweight tourist sleepers estimated to be worth \$2,000 each as scrap; \$3,365,221 worth of shops, laundries, and similar facilities; and \$12,449,520 of supplies and materials.

Lightweight sleeping cars, valued at \$39,156,671, were not included in the over-all figure because the company presumed that railroads which have a "call" on these cars might wish to own them outright. Parlor cars were likewise excluded.

Supporters of the regional pool plan believe that most roads have sufficient shop and laundry facilities to absorb the additional work that would be entailed by regional Pullman operation. This would be especially true when the pressure of wartime demands is removed. If laundry facilities were found inadequate, commercial laundry facilities could be employed at various points, it was asserted.

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### Railroads May Operate Sleeping Cars

The Pullman Company is opening negotiations for sale of its sleeping car business to the railroads, it was disclosed in the second quarter statement to stockholders of Pullman Incorporated, issued Aug. 14 by D. A. Crawford, president. Under the proposal, which Pullman is working out in accordance with the provisions of a court decree requiring it to dispose of either its sleeping car business or manufacturing business, prospective purchasers would be given the opportunity also to acquire the "going, experienced organization" which operates the centralized pool of sleeping cars.

"This would assure maintenance of the pool system of sleeping car service which the court in effect found to be desirable in the public interest and to the economic advantage of the railroads, as well as maintenance of the high standards of travel service created by The Pullman Company in its more than three-quarters of a century of activity in this business," the statement continues.

"Such an arrangement would also permit continuance of that mobility of cars, equipment, supplies and personnel which are necessary to meet the fluctuating demands engendered by the seasonal ebbs and flows of sleeping car travel throughout the country."

Wall Street Journal  
Sept. 28, '44

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**Pullman—**

It may be some time before Pullman gets rid of its passenger car business. The company recently prepared a plan for disposal of the cars to railroads and the latter are jointly giving that consideration. However, there is a difference of opinion among the railroad managements, some favoring the purchase by an agency created by them, others thinking that purchases should be made by individual roads. No decision has been made or is considered likely in the near future. Having prepared the plan, Pullman will submit it to the court by October 5 for approval.

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# SLEEPING CAR DISPOSAL PLAN DETAILS TOLD

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Pullman, Inc., yesterday disclosed details of its plan to sell the Pullman company, sleeping car subsidiary, to the railroads now served by the subsidiary. The details were given in the plan filed with United States District in Philadelphia in accordance with an anti-trust decree entered May 8.

The decree ordered Pullman, Inc., to divest itself of either the sleeping car business or manufacturing operations, carried on by Pullman Standard Car Manufacturing company, another subsidiary. The plan must be made effective by Oct. 5, 1945.

The Pullman company sale is to include sleeping cars, shop and laundry properties, miscellaneous structures, operating equipment, furniture and office equipment. Inventories of materials and supplies, and various intangible properties.

### Total Price Tops \$1 Million.

The total selling price of the properties listed was \$81,325,222. This included heavy weight sleeping and composite cars and other property valued at \$42,188,351, which would be sold to the proposed new company.

The remaining \$39,136,871 valuations was attached to 609 light weight sleeping and composite cars, which also would be sold to the new company, except for those purchased under present contract rights by individual railroads using them.

Pullman said a letter from M. W. Clement, president of the Pennsylvania railroad, asserted that the Pennsylvania proposed to own and operate its own sleeping car service and would call on Pullman to fulfill its contract obligations involving the sale of sleeping cars.

### Financing Method Offered.

How the proposed new company might finance its purchase—not including the light weight cars—and provide working capital with approximately 30 million dollars in cash also was detailed by Pullman. The disposal plan, submitted by D. A. Crawford, president of Pullman, Inc., proposed that a new corporation, referred to as Railway-Pullman Sleeping Car company, be

formed by railroads or railroad groups most interested in handling the sleeping car business.

"It is proposed that the charter powers of such corporation authorize the conduct of the sleeping car business and the furnishing of sleeping car service to all roads alike, regardless of participation in stock ownership of the new company," said Crawford.

"It is proposed that the method and extent of participation of those railroads who join in formation of the company might well be based upon the gross revenue earned by the Pullman sleeping car business during the contract periods ending in the last fairly normal pre-war year (1940) on the various roads.

### No Interruption of Service.

"It is proposed that the new company, as organized and owned by the railroads, be prepared, upon approval of the plan by the court, to take over the Pullman company's sleeping car properties and organization of officers and employees for conducting the business, and that such take-over be effected without interruption of traffic and without affecting service to the public."

Tangible properties of Pullman company listed for sale were:

1. Heavyweight standard class sleeping cars and composite cars, 4,034, comprising 3,865 air conditioned and 169 nonair conditioned.
2. Fully depreciated heavyweight cars of tourist sleeper class, 2,208, comprising 479 air conditioned and 1,729 nonair conditioned.
3. Lightweight sleeping and composite cars, 609, all air conditioned.
4. Six repair shops and 10 laundries in various parts of the country.
5. Miscellaneous structures, operating equipment, and furniture valued at \$1,462,356.
6. Inventories of materials and supplies valued at \$12,443,520.

### Would Assign Agreements.

Pullman company also would assign and deliver to the purchaser all existing principal and supplemental agreements between Pullman company and railroads for providing sleeping car service; its agreement with Defense Plant corporation for lease and operation of 2,200 special type troop sleeping cars owned by DPC; its agreement with the Association of American Railroads for collection of mileage on

the troop cars, and other authorizations.

The plan provides for delivery of all Pullman patents relating to sleeping cars and all licenses for the use of patented designs, materials and processes; all records pertaining to properties transferred and the operations, with certain exceptions; all leases on properties, excluding office space that Pullman company may wish to continue to rent; all experimental cars and parts, models, files and drawings owned by Pullman company, and all employment records and contracts, with certain exceptions.

Pullman proposed that the new company should have the option to defer purchase of fully depreciated cars until their serviceability could be evaluated. Pullman would offer to retain ownership, but not control, of these cars and to lease them to the new company at an annual rental of \$500 per car.

### Propose Equipment Trust.

The proposed financing would include a \$6,100,000 cash down payment on the \$24,400,000 purchase price of the heavyweight cars, of which it was estimated 75 per cent could be financed on a deferred credit basis under an equipment trust. The Pullman company would be willing to take over the equipment notes.

The estimated amount of cash required for purchase of the fixed properties, materials, and supplies was 18 million dollars, and \$5,900,000 was the estimate of cash required for working capital, and as a fund for other purposes, such as for deferred purchase of the fully depreciated cars.

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Pullman proposed that the new company should have the option to defer purchase of fully depreciated cars until their serviceability could be evaluated. Pullman would offer to retain ownership, but not control, of these cars and to lease them to the new company at an annual rental of \$500 per car.

### Propose Equipment Trust.

The proposed financing would include a \$6,100,000 cash down payment on the \$24,400,000 purchase price of the heavyweight cars, of which it was estimated 75 per cent could be financed on a deferred credit basis under an equipment trust. The Pullman company would be willing to take over the equipment notes.

The estimated amount of cash required for purchase of the fixed properties, materials, and supplies was 18 million dollars, and \$5,900,000 was the estimate of cash required for working capital, and as a fund for other purposes, such as for deferred purchase of the fully depreciated cars.



## Divestment Plan Filed by Pullman

Philadelphia, Oct. 2.—(UP)—Pullman Inc., today filed a plan in U.S. District Court proposing to sell its sleeping car business and retain its manufacturing interests in compliance with a federal court decision that the Pullman group must separate the two businesses under the anti-trust laws.

The plan to effectuate separation of the two businesses provides for disposal of the sleeping car business and its properties for an estimated total of more than \$81,000,000 and will become effective within one year if the court approves the plan.

### New Corporation Suggested.

The proposed plan suggests the formation of a new corporation, to be identified as the Railway Pullman Sleeping Car Co., which would be taken over and operated by the various railroads on a pro-rata basis.

Directors of the Association of American Railroads last week authorized creation of special railroad committees in each district to find a solution to their sleeping car problem. It is understood these committees will study the Pullman proposal and report their findings and recommendations to the association directors.

The Pullman group proposes to sell its properties in the sleeping car business for \$30,000,000 cash and \$51,000,000 in equipment trust certificates. The proposal was filed before an expediting court composed of three judges of the Third Circuit Court of Appeals.

### Follows Court Rulings.

The judges, John Biggs Jr., Albert B. Maris and Herbert F. Goodrich, ordered Pullman Inc. last July 7 to separate the sleeping car business from its manufacturing business but left to the group the right to decide which it would retain.

The plan filed today valued the sleeping car business' free property at \$42,188,851 which could be sold outright and said the balance, \$39,156,671, comprised lightweight sleeping cars and composite cars on which the several railroads have priority purchase rights.

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## Pullman Files Rail-Operated Sleeper Plan

Tells Court Pennsy Will  
Furnish Its Own Service;  
Action Under Advisement

PHILADELPHIA, Oct. 2.—A series of hearings by a special three-judge court to determine the future operation of the railway sleeping car business, heretofore conducted by The Pullman Company, appeared today to be the next step in the government's antitrust proceeding against the Pullman group.

Pullman, Inc., notified the court today that it had elected to sell its sleeping car business and retain its railroad car manufacturing business in compliance with an antitrust decree entered last May 8 and filed a plan of segregation "for hearings and approval."

At the same time, the company told the court that one large user of sleeping car equipment, the Pennsylvania Railroad, had served notice that it purposes to own and operate its own sleeping car service.

### New Corporation Suggested

The plan, which the court took under advisement, embodies the proposals made to railroads by Pullman, Inc., under date of Aug. 30, suggesting the formation of a new corporation by interested railroads, which would take over and operate the present sleeping car business of The Pullman Company. The proposed company, to be known as Railway-Pullman Sleeping Car Company, would also retain all officers and employes of the sleeping car company, with the exception of certain elected officers and members of their clerical staffs, who would be retained by Pullman.

When the court sets a date for hearings on the proposed plan for divorcement of the servicing from the manufacturing unit of Pullman, it is expected that spokesmen for various railroad interests will appear as "interested parties" to the plan, and present railroad reaction to the Pullman suggestions to the court.

### Railroad Views Differ

It is known that the proposals have been viewed with mixed sentiments in railroad circles, and that in some quarters it is felt that regional pools would be a preferable operation to a continuation of the centralized pool proposed by Pullman.

Although Pullman advised the court that its proposal "carries no offer or commitment to sell any individual property units to any railroad or group of railroads," it also pointed out, in connection with the Pennsylvania proposal to operate its own service, that "the ownership and operation of sleeping cars by an individual railroad, or the formation of a regional group of railroads for that purpose would not be

incomptible with the objects contemplated . . . , and need not affect the formation of a less-than-all-inclusive pool through ownership and operation of remaining sleeping car properties by those railroads who desire to co-operate to that end."

The Pullman plan places a total valuation of \$81,352,222 on its properties. Of this amount, \$42,168,551 consists of heavyweight standard sleeping cars, shops and inventories. The balance of \$39,183,671 consists of lightweight cars which would be sold to the new company unless purchased by individual user-railroads under their present contract options. Under the plan, Pullman estimated, about \$30,000,000 in cash and the balance in equipment trust certificates would be required for all properties except the lightweight cars.

Listed were 4,034 heavyweight cars at an average selling price of \$6,038, or a total of \$24,350,810, and 2,298 fully depreciated heavyweight cars, tourist class, at an average salvage value of \$2,000 a car, or a total of \$4,416,000. The company deducted \$4,416,000 for "deferrable purchase of fully depreciated tourist class cars."

Also listed were ten laundries and six shops, with a total valuation of \$5,365,221, and materials and supplies inventories of \$12,443,520. The plan described 605 lightweight sleeping cars at an average selling price of \$64,356 per car, or a total of \$39,035,436, and four lightweight composite cars at an average selling price of \$55,308, or a total of \$221,235.

Under the decree, Pullman has until Oct. 5, 1945, to put its plan into effect, but if the plan proves unacceptable, the court may itself make proposals.

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For posting  
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Messrs. **Champ Carry**  
**G. A. Kelly**  
**L. P. Hanson**

I am attaching below editorial clipping from The Louisville Times  
of October 3, for your information.

### Good Service

An anti-trust suit forces Pullman, Inc., to sell its sleeping car servicing business, which has made a notably good record, that it may continue manufacturing sleeping cars.

Formerly there was more than one manufacturer of sleepers. WILLIAM D' ALTON MANN, who in later life was editor of *Town Topics*, made the Mann boudoir car. When Pullman, Inc., became the exclusive maker of sleeping cars, the word "pullman," originally a family name, became a common noun.

Pullman service will be remembered kindly by millions of patrons of sleeping cars, who will hope that their comfort and convenience will be so ministered to that they will forget that change occurred.

*Herd*  
**H. A. Herdwalker**  
District Superintendent

l:fej

**Louisville, Kentucky**  
**October 4, 1944**

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**October 4, 1944**

## Railroads Considering Taking Over Pullman's Sleeping Car Business

**Pooled Ownership or Special Operating Subsidiary Are Possibilities, Fletcher Tells Senator**

WASHINGTON (AP)—A spokesman for the Association of American Railroads said the carriers are considering taking over operation of the Pullman Co.'s sleeping car facilities in effectuating the Philadelphia Federal Court order requiring the company to dispose either of its manufacturing business or its operating business.

R. V. Fletcher, association vice president, said in testimony before the Senate Military Subcommittee on war mobilization that the Pullman Co. would inform the court October 5 that it would retain its manufacturing business.

The court decision, Mr. Fletcher said, posed a problem for the rail passenger industry which until now had rented sleeping cars from the Pullman Co.

He said no solution has been agreed upon as yet but several alternatives are under discussion. Questioned by Chairman Kilgore (Dem., W. Va.), Mr. Fletcher said there were these possibilities:

1. Each railroad might buy a share of the Pullman Co.'s supply of sleeping cars, dividing the supply.
2. The railroads might pool the sleeping cars under the Association of American Railroads, with the right to shift the cars among railroads on a rental basis as freight cars now are shifted about as needs arise.
3. The railroads might organize a subsidiary to operate the sleeping cars, much as

they organized and jointly own the Railroad Express agency.

Mr. Fletcher said some solution would have to be presented to the Philadelphia court on the October 5 date.

## THE CHRISTIAN SCIENCE MONITOR, BOSTON,

OCTOBER 2, 1944

### Pullman Notifies Court of Plan to Sell Sleeping Car Service

PHILADELPHIA, Oct. 2 (AP)—Pullman, Inc., notified U. S. District Court today that it had elected to sell its sleeping car servicing business and retain its railroad car manufacturing business in compliance with an anti-trust decree entered by the court last May 8.

Pullman Inc's sleeping car business is carried on by the Pullman Company. Its manufacturing business is carried on by the Pullman-Standard Car Manufacturing Company and subsidiaries.

The anti-trust decree, filed by a special three-judge court, directed the group to give up one of the two businesses. Under the decree there may be no "interlocking directors" among the companies and no officer or director of any one Pullman company may hold securities in the other.

In entering the decree, the court directed Pullman to file a proposed plan of separation and said if the plan proved unacceptable the court itself would make a proposal.

The court today took the plan under advisement.

Under the decree the company has until Oct. 5, 1945, to put the plan into effect. The court had given the company until Oct. 5, 1944, to file a plan, with another year granted for making it effective.

MIAMI DAILY NEWS,

OCTOBER 5, 1944

### Antitrust Suits

To the Editor of The Miami Daily News:

The most sensational event before the people now, outside of the war, appears to be the program of the attorney general for the breaking up of big business by means of anti-trust suits.

A typical case seems to be that of the Pullman company. Under a decree of a federal court, the company has been given until Oct. 5th to submit the plan for the separation of its sleeping car business from its manufacturing business.

It appears that the company has been proposing to the railroads the formation of a new company to operate the sleeping car service on behalf of all the railroads, but many of the railroad companies have other views.

It also appears that the department of justice has recently filed anti-trust suits against 47 western railroads, and altogether have 114 such suits pending in its files involving many big concerns which manufacture and operate a great number of well-known articles.

It further appears that at the instance of the war production board and the war and navy departments that the prosecution of many of these suits would interfere with the war effort, the department of justice has held up the prosecution of some of these suits—but now that victory is in sight, is eager to proceed.

Hostility to big business has been one of the evils of the New Deal and was one of the principal causes of the depression when radical New Dealers went speaking around the country, scaring men who had the means to furnish employment.

It is the most amazing thing I ever heard of—that the department of justice should start such a program at such a critical time.

HENRY A. HAYWARD.

Miami.

Call St. Journal  
Aug. 18, 1944

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The Knickerbocker News,  
Albany, N. Y., August 7, 1944

## Future of the 'Pullman'

Because the Pullman Company not only operated but built the sleeping cars used in American railroads, the term "pullman" has been applied to the car. It probably will continue, although, under a court decision, the company has decided to stop operating the cars and will simply build them and other vehicles of transportation.

It was forecast here several weeks ago that the railroads probably will take over the sleeping car operation, along with the diners, much as they did the express service. It seems a sensible enough arrangement.

We are interested in that individual who "takes care" of us while traveling via pullman. He is known generically as "George," probably because George Pullman started the service. The whimsical "Society for the Prevention of Calling Sleeping Car Porters George," was started in the '20s but the appellation still persists. For those who enjoyed his ministrations it is well to wish him continuance in an important service.

The railroads have done a grand war-time job and we hope prosperity will stay with them in peace, despite the competition of buses and airlines. There are some current speculations on passenger service relating to sleeping cars. It is known there are plans on the drawing boards, probably further, for three-decker berths, and for an improvement upon the new arrangement, the roomette. There is also discussion of the idea of cheaper travel on a basis of a "dollar for a bed" regardless of length of trip. These are ideas that bear on convenience and comfort and cost, but all come under the head of service.

Peace will be a period of some change in railroading and the "pullman" and "George" and the Average Traveler will all be part of it.

Chicago Tribune  
Oct. 7, 1944

## HERE'S A YARDSTICK

The Pullman company, which has been required by a federal anti-trust decree to dispose of its sleeping car business, has offered to sell it to the railroads for approximately \$1 million dollars.

All of the sleeping cars in the country, together with the shops that maintain them, the patents for their construction, and the intangible value of the efficient organization of men who operate them, are appraised by their present owners at \$1 million. This is a value built up over 80 years. Mr. Pullman incorporated his company in 1864.

Mr. Roosevelt is spending \$ billion a month, about 200 millions a day, running the war and the multitude of wasteful enterprises that he has managed to mingle with the conduct of the war. Values that the Pullman company has accumulated over 80 years would, if liquidated, pay our war bills for a little less than 10 hours. Before he started paying any attention to national defense Mr. Roosevelt was spending \$ billion dollars a year on the federal government. The value of the Pullman properties would have sustained his peace time spending for a little less than four days. It is predicted that our post-war federal budget, including the carrying charges on the Roosevelt debt, will exceed 20 billions a year. Eighty-one millions would finance such a budget for about a day and a half.

The New Deal has got the American people to thinking in astronomical figures. During the Roosevelt depression the most unambitious social planner couldn't think up a scheme for re-making society that cost less than a million dollars. Since the coming of war, lend-lease, UNRRA, the so-called good neighbor policy, and the general scheme of bribing the world with American dollars, Washington thinks exclusively in terms of billions. A million dollars today is just a ration token to the Roosevelt planners.

Somebody is going to have to pay that money some day unless we wreck our banks and reduce our life insurance policies to the status of cigar coupons by taking the road of debt repudiation. The \$1 million dollars which represents the claimed value of all the sleeping cars in America is a fair yardstick of the burden that Roosevelt and his policies have placed on the people of this nation.

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SEP 29 1944

**Puzzled Pullman Employee**

To the Editor of The Miami Daily News:

I have been very much interested in the decision of a certain federal judge who lives in Philadelphia. If the reports are true there is a certain firm in Philadelphia, which builds lightweight streamline trains and what not, and have been trying to break into the building of sleeping cars for several years.

Now I can remember the grand old name Pullman as far back as the '90's when people were being killed by the train load from riding in wooden coaches and sleeping cars. The Pullman Co. pioneered travel with safety by building all steel coaches and sleeping cars.

Now I believe that federal judge may have, or could have, disqualified himself. As many other federal judges as there are in the country why did it have to be a Philadelphia judge? Has the judge ever found out how many railroads have built and operated their locomotives, passenger and freight cars? If railroad history is true just about all of the major railroads have and many are still doing it in peace time.

He does not seem to care a rap what becomes of the many thousands of Pullman employes who have many years of seniority. I suppose we Pullman employes will be kicked into the street, or a good many of us will. We are in the dark and maybe the company is too. As far as we Miami employes can find out we sure are, and we don't feel very good over it either. I have read that our U. S. attorney general is also of Philadelphia.

I am doing a lot of thinking and they can't shoot me for that, and I hope the investigating committee of the U. S. senate gets on this before it is too late.

AN UNHAPPY PULLMAN  
EMPLOYEE.

Miami.

**EXPECT DELAY  
IN PULLMAN CAR  
SEGREGATION**

BY HERMAN GASTRELL SEELY

Don't be surprised at a war-inspired postponement of the segregation of Pullman, Inc., and the Pullman Co., which operates the sleeping-car business of the nation's railroads.

Under the consent decree entered in the U. S. District Court last May, Pullman, Inc., has until Oct. 5, 1945, to dispose of its transportation affiliate. In accordance with that decree, a plan was submitted early this month for the sale of its cars and services to a new corporation owned and operated by the railroads.

The District Court at Philadelphia took under advisement the plan for organizing the proposed Railway Pullman-Sleeping Car Co. and in the meanwhile rumors are in circulation as to the next step in the corporate divorce proceedings.

Well-informed sources not connected with Pullman predict a formal plea for delay will be filed, based on the possible adverse effect on the war effort. There is a unanimity of opinion as to the filing of the plea, but decided uncertainty as to whether it will come from counsel for the company, the armed forces of these United States, or both.

**Basis for Request.**

Gist of the argument will be that it will be very much to the advantage of the Army and the Navy to continue to operate the sleepers under the same centralized management that successfully "Pullmanized," a total of 5,673,075 troops, during the first eight months of this year.

It may also be pointed out that to try to bring in a new ownership and operations group before the job of demobilization is ended, or at least past its peak, will add decidedly to the problems of the reconversion period.

Giving impetus to the probability of a delay beyond that original Oct. 5, 1945, effective date is the lack of unanimity among the railroads themselves as to the desirability of the car pool system that is the backbone of the proposed Railway-Pullman Sleeping Car Co.

**One System Dissents.**

One big Eastern system has already announced that it is not interested in a car pool plan. Meanwhile, committees representing the Eastern and Western railroads are trying to find a common ground of agreement among their members.

At present, opinion among the railroads seems pretty sharply divided. The proposals for the formation of a Railway-Pullman Sleeping Car Co. has both supporters and determined critics.

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**Options a Problem.**

To quote an informed source: "Roads operating this type of equipment have an option to purchase. . . . It is exceedingly unlikely that these cars would be released for other roads."

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Miami Daily News

FLORIDA  
DATE

SEP 29 1944

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To the Editor of The Miami Daily News:

I have been very much interested in the decision of a certain federal judge who lives in Philadelphia. If the reports are true there is a certain firm in Philadelphia, which builds lightweight streamline trains and what not, and have been trying to break into the building of sleeping cars for several years.

Now I can remember the grand old name Pullman as far back as the '90's when people were being killed by the train load from riding in wooden coaches and sleeping cars. The Pullman Co. pioneered travel with safety by building all steel coaches and sleeping cars.

Now I believe that Federal judge may have, or could have, disqualified himself. As many other federal judges as there are in the country why did it have to be a Philadelphia judge? Has the judge ever found out how many railroads have built and operated their locomotives, passenger and freight cars? If railroad history is true just about all of the major railroads have and many are still doing it in peace time.

He does not seem to care a rap what becomes of the many thousands of Pullman employes who have many years of seniority. I suppose we Pullman employes will be kicked into the street, or a good many of us will. We are in the dark and maybe the company is too. As far as we Miami employes can find out we sure are, and we don't feel very good over it either. I have read that our U. S. attorney general is also of Philadelphia.

I am doing a lot of thinking and they can't shoot me for that, and I hope the investigating committee of the U. S. senate gets on this before it is too late.

AN UNHAPPY PULLMAN  
EMPLOYEE.

Miami.

CHICAGO DAILY NEWS  
OCTOBER 27, 1944

# EXPECT DELAY IN PULLMAN CAR SEGREGATION

BY HERMAN GASTRELL SEELY

Don't be surprised at a war-inspired postponement of the segregation of Pullman, Inc., and the Pullman Co., which operates the sleeping-car business of the nation's railroads.

Under the consent decree entered in the U.S. District Court last May, Pullman, Inc., has until Oct. 5, 1945, to dispose of its transportation affiliate. In accordance with that decree, a plan was submitted early this month for the sale of its cars and services to a new corporation owned and operated by the railroads.

The District Court at Philadelphia took under advisement the plan for organizing the proposed Railway Pullman-Sleeping Car Co. and in the meanwhile rumors are in circulation as to the next step in the corporate divorce proceedings.

Well-informed sources not connected with Pullman predict a formal plea for delay will be filed, based on the possible adverse effect on the war effort. There is a unanimity of opinion as to the filing of the plea, but decided uncertainty as to whether it will come from counsel for the company, the armed forces of these United States, or both.

### Basis for Request.

Gist of the argument will be that it will be very much to the advantage of the Army and the Navy to continue to operate the sleepers under the same centralized management that successfully "Pullmanized" a total of 5,673,075 troops during the first eight months of this year.

It may also be pointed out that to try to bring in a new ownership and operations group before the job of demobilization is ended, or at least past its peak, will add decidedly to the problems of the reconversion period.

Giving impetus to the probability of a delay beyond that original Oct. 5, 1945, effective date is the lack of unanimity among the railroads themselves as to the desirability of the car pool system that is the backbone of the proposed Railway-Pullman Sleeping Car Co.

### One System Dissents.

The big Eastern system has already announced that it is not interested in a car pool plan. Meanwhile, committees representing the Eastern and Western railroads are trying to find a common ground of agreement among their members.

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## To Quit Operating

**T**HE Pullman company is going out of the operation of sleeping cars, but the public will know it only from what it reads in the newspapers. The rolling stock operated by the company will be taken over by a corporation that will be owned by the railroad companies, who will make investment approximating the ratio of their use in years past of the equipment operated by the Pullman company. The new company will follow closely the pattern of operations of the Pullman. There is no reason to expect either that service will deteriorate or that it will cost more money.

One of the valuable services of the Pullman company has been its ability to meet extraordinary demands from the railroads for special service cars as occasion made them necessary. To enable it to do this the company maintained a pool of cars in excess of ordinary needs which could be drawn on by railroads having to meet demand due to some extraordinary expansion of traffic. This pool usually sufficed to meet the needs of all the railroads. Its existence explained why in pre-war years, no matter what the conditions of traffic, it was exceptional for the public not to be able to secure all the Pullman accommodations it desired. The proposed new company will continue this pool, and can be expected to see that it is maintained in sufficient size so that the average of service given the public will be at least as good as it has been in past years.

The sale by the Pullman company follows on a finding in U. S. district court that its functions, unchallenged through all the years, as both a builder and operator of special purpose cars was an infringement of the anti-trust law. It will continue to manufacture equipment, but will no longer operate any of the rolling stock used by the railroads. It might have contested in higher courts the decree that it can manufacture or operate, but cannot do both, but it chose to consent. Its attorneys doubtless were of the opinion that the lower court would be upheld on any appeals that might be undertaken. They can read the signs of the times.

The public is principally interested in how it is served. If it is served, as it doubtless will be, as well in the future as it has been in the past it will ratify the change in ownership without reservations. If it is served better, it will hail it as a step forward, one that has more than justified itself.

ROME, N. Y.  
SENTINEL  
Cir. D. 10,638

OCT 6 - 1944

## Won't Sleep in Pullmans?

Forced by the United States District Court to drop either its car servicing or its car construction business, Pullman, Inc., has elected to discontinue the operation of Pullman sleeping and other cars upon the railways of the country, but to proceed with the manufacture of such cars and any others. Be it remarked that Pullman, Inc. is a holding company, the servicing having been done by its subsidiary the Pullman Company its construction by its other subsidiary the Pullman Company, its Manufacturing Company. That the servicing would be dropped was informally announced last July and extended comment made in these columns at the time. Now the papers have been filed formally with the court.

What seems still left undecided is how or by whom the sleeping and other cars of the Pullman brand are henceforth to be operated. Apparently the Pullman Company can be transferred to other hands through sale of a majority of the stock, the new owners continuing the supplying of cars and servicing them for the several railway systems. On the surface it may seem to make small difference to the traveler who owns or services the particular car in which he rides.

It is an almost safe bet that for most travelers a sleeper will be a "Pullman" no matter where built or by whom operated.

In the program now submitted to the court by Pullman, Inc., it is proposed to set up a new corporation to be known as the Railway-Pullman Sleeping Car Company, the stock to be taken by the railways generally as was done some years ago in the case of the Railway Express Agency. This new corporation would proceed to operate much as the Pullman Company has done for so many years. It would in effect constitute a pool from which the individual roads could draw sleeping cars according to their needs. There are strong arguments why that would be more practicable than for each company to own and operate its own sleepers—as the Pennsylvania System already has announced its intention of doing.

However, any program must receive the sanction of the Interstate Commerce Commission as well as that of the court; and, obviously the assent of the majority of the systems will be necessary to such a company as is proposed.

OAKLAND, CALIF. TRIUNE  
Cir.—Dated at Oakland, Cal., 10/14  
OCTOBER 7, 1944

## PULLMAN SERVICE QUILTS

Forced by the Government to choose whether it will cease the manufacturing of sleeping cars or go out of the business of operating them (for under the Federal order it cannot do both) the Pullman Company has elected to continue the manufacturing. The Pullman Co., which began business in 1867 as Pullman's Palace Car Company and bought out its principal rival, the Wagner Co., in 1899, is to be sold pursuant to a Sherman Act Court decree. It is expected the principal railroads will join in the purchase of the operating company and that a new name will be selected which, in deference to tradition, may include the name Pullman. The theory that something is to be gained by somebody, somewhere, by the switch is yet to be proved.

McGraw-Hill  
1914

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OAKLAND  
C.—Daily  
OCTOBER 7 1944

TRIBUNE  
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OCT 2 1944

## Pullman to Sell Sleepers

Philadelphia, Oct. 2 (AP)—Pullman, Inc., notified U. S. district court today that it had elected to sell its sleeping car servicing business and retain its railroad car manufacturing business in compliance with an anti-trust decree entered by the court last May 8.

Pullman Inc.'s sleeping car business is carried on by the Pullman company. Its manufacturing business is carried on by the Pullman-Standard Car Manufacturing company and subsidiaries.

The anti-trust decree, filed by a special three-judge court, directed the group to give up one of the two businesses. Under the decree there may be no "interlocking directors" among the companies and no officer or director of any one Pullman company may hold securities in the other.

BIRMINGHAM, ALA.  
NEWS

Cir. D. 127,124

OCT 2-1944

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In entering the decree, the court directed Pullman to file a proposed plan of separation, and said if the plan proved unacceptable the court itself would make a proposal.

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OCT 2 - 1944

## Pullman Heeds Anti-Trust Law

### Company Notifies Court It Will Sell Sleeping Car Servicing Business

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COE AMERICAN PAPER TIMES, CO  
200 N. 3rd St.  
OCT 2 1944

## Pullman to Quit Operation of Famous Sleeping Cars

To hear that Wrigley had quit making chewing gum would be no more startling to the average American than the news that Pullman will operate no more sleeping and chair cars. The Pullman Co., which began business in 1847 as Pullman's Palace Car Co. and bought out its principal rival, the Wagner Co., in 1899, will be sold pursuant to a Sherman Act court decree of last May ordering a divorce between the manufacture and the operation of cars. The Pullman manufacture has elected to continue manufacture

and turn operation over to other hands.

It is expected the principal railroads will join in purchase of the operating company and that a new name will be selected, which may include the name Pullman in deference to tradition.

So passes the enterprise founded by the late George M. Pullman.

The public can't help but have one burning question: Will the genius who has always thought up those Pullman car names still be on the job?

**PHILADELPHIA, PA.  
INQUIRER**

Cir. D. 477,754—S., 1,320,796

OCT 3 1943

## Pullman Offers Court New Plan

Complying with a Federal Court order issued in May, Pullman, Inc., yesterday submitted to the Federal District Court here its plan to manufacture sleeping cars, and divorce itself from the operation and servicing of deluxe equipment.

If the proposal is accepted by the Federal Court and approved by the Interstate Commerce Commission, it will bring to an end a monopoly that, the Government charged in its anti-trust prosecution, has existed illegally for over 40 years.

### PLAN NEW CORPORATION

The foundation of the plan proposed by the company is that a new corporation, to be known as the Railway-Pullman Sleeping Car Co., be formed to absorb the equipment, appraised by the company, at \$81,325,222, and that Pullman, Inc., be paid \$30,000,000 in cash and the balance in equipment trust certificates.

If, however, the railroads which are now operating Pullman equipment, wish to take up their option and purchase the deluxe rolling stock, they may do so, the plan stipulates.

### VALUATIONS SET

Pullman, Inc., lists its heavyweight and tourist cars, 10 laundries, six shops, together with material and supply inventories, at \$41,168,351. As a separate item it places a value of \$39,156,671 on a group of lightweight sleeping and composite cars that have been built, or are being built, for railroads.

In outlining the purpose of the Railway-Pullman Sleeping Car Co., the plan proposes that it would be "formed by railroads or railroad groups most interested in the future handling of the sleeping-car business."

### CAN ACCEPT OR REJECT

Moreover, railroads are privileged to accept or reject membership in the new corporation, but the sleeping car company would "authorize the conduct of the sleeping car business and the furnishing of sleeping car service to all roads alike, regardless of participation in stock ownership of the company."

If both the court and the Interstate Commerce Commission approve the plan, Pullman will have one year in which to put the plan into effect.

The Government proceeded against the Pullman company, July 12, 1940, charging for 40 years it had been violating the Sherman and Clayton anti-trust laws by its virtual illegal monopoly in the sleeping and deluxe car business on the railroads.

After a long trial, the company was found guilty and the Government's charge was sustained by the court. When the order for the divorce was fixed last May, Pullman had until Oct. 5 to declare its intentions.

### ORDER NOT CONTESTED

The company did not offer to contest the order. In a letter to stockholders, D. A. Crawford, president of the company, expressed a fear that the Supreme Court might not elect to give the company freedom of choice as to whether to retain the manufacturing or operational activities.

The order of last May was fixed by Federal Judges John Bings, Jr., Albert B. Maris, and Herbert F. Goodrich, and these same judges received the plan yesterday and took it under advisement.

If the plan is approved, a stipulation is contained in it that all officers and employees of the sleeping car company be retained by the new railroad-owned company, with the exception of certain elected officers and members of their clerical staffs, who would be retained by Pullman, Inc.

NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL

OCT 11 1944

### Pullman Inc.—

The sleeping car business which Pullman Inc., has offered to sell to the railroads is continuing to set records in miles traveled and passengers carried. In the first seven months of 1944, 21,090,061 (revenue and non-revenue) passengers traveled more than 16.5 billion passenger miles compared with about 18½ million passengers and 14.5 billion passenger miles in the like period of 1943. The greater number of workers and higher wages raised the firm's payroll from \$32,195,344 in the first seven months of last year to \$45,532,124 this year. Operating income of Pullman Co. in the first seven months of 1944 was \$200,000 higher than last year. Savings in the Federal tax bill more than offset the decline in revenues before taxes.

The plan for disposal of the sleeping car activity provides for the sale of the business and its properties for \$81 million. The plan will become effective within one year if it is approved. Pullman Inc., has suggested the formation of a new corporation, to be called the Railway Pullman Sleeping Car Co. It would be taken over and operated by the various railroads on a pro-rata basis. The sleeping car subsidiary is being disposed of to comply with a court order that the parent firm divest itself of either its sleeping car business or its manufacturing business.

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**PHILADELPHIA, PA.  
INQUIRER**

Cir. D. 477,754—S. 1,320,796

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NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL

001111544  
**Pullman Inc.—**

The sleeping car business which Pullman Inc., has offered to sell to the railroads is continuing to set records in miles traveled and passengers carried. In the first seven months of 1944, 21,090,061 (revenue and non-revenue) passengers traveled more than 16.5 billion passenger miles compared with about 15½ million passengers and 14.5 billion passenger miles in the like period of 1943. The greater number of workers and higher wages raised the firm's payroll from \$32,195,344 in the first seven months of last year to \$45,532,124 this year. Operating income of Pullman Co. in the first seven months of 1944 was \$200,000 higher than last year. Savings in the Federal tax bill more than offset the decline in revenues before taxes. The plan for disposal of the sleeping car activity provides for the sale of the business and its properties for \$81 million. The plan will become effective within one year if it is approved. Pullman Inc., has suggested the formation of a new corporation, to be called the Railway Pullman Sleeping Car Co. It would be taken over and operated by the various railroads on a pro-rata basis. The sleeping car subsidiary is being disposed of to comply with a court order that the parent firm divest itself of either its sleeping car business or its manufacturing business.

OCT 4 - 1944

## PULLMAN EFFORT TO SATISFY COURT FAR FROM ENDED

### Plan to Sell Sleeping Car Business to Railroads May Not Work Out Exactly as Planners Intend

Wall Street Correspondence  
Of The Republican

New York, Oct. 3.—New 1944 highs were made today in a few specialty stocks such as Texas Pacific Land Grants but the market as a whole was firm and quiet until the middle of the session, when there was a spurt which soon ran into offerings. Railroad bonds were sold on the report for August showing Class I carriers with net income after fixed charges of \$48,000,000 against \$44,000,000 for 1943 with the figures for the eight months \$151,000,000 and \$612,000,000 respectively. London had the same sort of stock market, industrials and rails both closing up .10 on small trading and industrials here closed down .01 with rails off .04.

Pullman, Inc., yielding to an order of the federal district court at Philadelphia for a complete divestment of its car building from its sleeping car business, filed with the court after the close of the market here yesterday a plan for selling its sleeping car business to the railroads for \$31,250,000. That Pullman was considering such a plan has been a matter of common knowledge and it has been estimated that if the plan were carried out the shares of Pullman, Inc., would be worth anywhere from \$55 to \$70. Pullman opened this morning at 4 1/4, down 1/4, compared with the year's high and low of 52 1/4 and 37 1/4.

Announcement that Pullman had plans to sell its sleeping car business to the railroads does not mean the end of the situation growing out of the suit brought by the government in July, 1940, charging Pullman with violation of the Sherman antitrust act by making sleeping car contracts with the railroads and at the same time manufacturing rolling stock. It means only the beginning of the battle still to be fought by Pullman in disposing of his sleeping cars.

In April, 1943 the United States district court at Philadelphia unanimously decided to uphold the government's suit against Pullman and ordered a separation of Pullman's sleeping car business from its business of car manufacturing "by the simplest method." Pullman was given a specific time to decide how it would comply with the court ruling and an additional year was granted to carry out the separation. Today's news means only that Pullman will make a start in an effort to get \$31,250,000 through sale of its sleeping cars to a new company to be formed jointly by the railroads.

No railroad of any importance can get along without sleeping car and parlor car service. What Pullman would like to do would be to get all of the railroads to have an interest in the new company that will buy and operate the equipment. But it appears that one important railroad,

Pennsylvania, already has decreed that it does not care to participate with other railroads in owning and operating such service, that it will have service of that sort of its own.

When Pullman made its contracts with individual railroads the contracts included the right of the railroad to buy the Pullman equipment shed. Pennsylvania has decided to exercise this right. Whether other railroads will do likewise remains to be seen.

Purchase of the sleeping car business by the railroads would duplicate the present joint ownership by the railroads of the Railway Express agency. Railway Express was incorporated in 1928 by consolidation of several express companies after the government-owned parcel post and made serious inroads into the business of the old express companies. It has not exactly been what could be called a howling success.

With some important railroads the need for sleeping cars changes with the seasons. In the winter, sleeping cars operated by southern railroads are crowded. At other times of year there is only a limited need by railroads reaching winter resorts for Pullman service. A new company could take care of the expanding and contracting needs of many railroads for sleeping cars. Pennsylvania, with a steady demand for Pullman service and its experience with Railway Express, has decided that it can do better with its own sleeping car and parlor car service. As far as is known, New York Central, another good customer of Pullman, has made no decision.

Railroads of the United States are far ahead of foreign countries in sleeping car and parlor car service. Some people in the financial district expressed belief today that joint ownership and operation by the railroads of the equipment Pullman wants to sell will mean goodbye to the outstanding Pullman service this country has known; others believe there is still room for improvement under competition by such railroads as New York Central and Pennsylvania.

In any event it is by no means certain that Pullman is going to get \$31,250,000 from the sale of its equipment to the railroads. Pullman's remaining subsidiary, however, Pullman-Standard Car Manufacturing company, the largest manufacturer of railway equipment in the world including freight cars, has a good outlook in meeting the demands of the railroads for new equipment.

R. L. BARNUM.

OCT 9 1944

For a generation or two it has been the custom to say "Take a Pullman".

The words "Pullman" and "sleeping car" were interchangeable. They may be so

no more. The directors of Pullman Inc., have announced that the company has disposed of its sleeping car business.

This action was taken, they say, "in order to carry out the requirements of the decree entered recently in the U. S. District Court at Philadelphia in the government's antitrust suit against the Pullman group of companies."

By that decision the company could either manufacture or operate sleeping cars, but not both. Of the two the company prefers to make the cars, and to let some one else run them.

Whether that means a change in an historic name remains to be seen. After some early competition from the Wagner manufacturers, Pullman has been alone for a long period. It will take time to learn another name

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Senator Soaper says that Candidates Roosevelt and Dewey are distant cousins. And that's what makes their speeches sound like high words at a family reunion.

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OCT 1 1937

## NEW DEAL "JUSTICE"—I

If one were to view the activities of the antitrust division of the New Deal's Department of Justice superficially, it would be concluded that this branch of the administration has been heading in exactly the opposite direction from the rest of the New Deal.

From the beginning, the New Deal has operated on the theory that free enterprise is an outmoded economic system, that competition is wasteful, and that efficient management of the production and distribution of wealth in this complex machine age calls for monopolistic control and operation under government regulation or ownership.

The New Deal's first great economic experiment, the NRA, was the negation of free enterprise and competition. It compelled every industry, every business and every service institution in the country to combine with others in its same field of endeavor to fix prices or rates. Anyone who conducted his business within the law as defined by the antitrust acts became automatically a criminal.

And yet this same administration has allowed first Thurman Arnold and then his successor, Wendell Berge, to wage what seems on the surface to be the most determined crusade against monopoly the country has ever seen, and this in the midst of the war when by necessity and agreement competition has been suspended.

But, while there have been any number of genuine contradictions in New Deal policy throughout the last 11 years, the activities of the antitrust division of Attorney General Francis Biddle's Department of Justice is not one of them. This is not a real crusade against monopoly. It is merely part of a planned program of harassing private industry; just another of the weapons the New Deal is making use of to put an end to free enterprise in America and bring the nation's productive processes under the control and ultimately the ownership of the government.

Listen to the testimony of John Dickinson, the former professor of constitutional law, who spent two years as secretary to Harold Ickes and two more as an assistant attorney general in the Roosevelt administration.

"Few, if any, people," he says, "today dissent from the general purpose of these (antitrust) laws as originally understood and applied until recently. In the last few years, however, they have been given such an extreme, abstract and academic construction that they have become a powerful instrument in the hands of government officials to break down and disrupt long-established business relationships and institutions for a purpose with effects quite remote from their supposed original intent.

"The recent policy of antitrust law enforcement goes apparently on the theory that practically the whole complex of business relationships and institutions which have inevitably grown up to produce some degree of order in industry must be wiped out and nothing left between the individual business concern at the bottom and governmental control and direction at the top. Of course the necessary result will be to make that control much tighter and more extensive."

One has only to study some of the cases brought recently by the antitrust division to discover that this is not a genuine crusade against monopoly of the type that stifles competitive enterprise, but that it is a deliberate misuse of the technicalities of the antitrust laws to break down normal, healthy industrial and business management.

There was Thurman Arnold's indictment of the Aluminum Co. of America on 140 counts of being a monopoly, in which, after a trial lasting nearly three years, the company was found not guilty on every one of the 140 counts. During the trial one of Arnold's trial assistants proved the monopoly charge was a fraud by leaving the case and taking a job as a high official of one of the Aluminum Co.'s competitors.

There is the monopoly charge brought against the Associated Press in the face of the fact that the Associated Press has two strong and successful competitors in the news-gathering field; despite the fact that the A. P. is utterly without power to prevent a single American newspaper from getting all the news it wants anywhere in the world, and that there is no activity engaged in by the A. P. which is monopolistic in the sense that the framers of the antitrust laws conceived the term.

There is the action taken to force the Pullman Co. to divest itself either of its manufacturing business or of its Pullman car operating business, so that there will be absolutely no connection between the two, despite the obvious fact that, with its rates and other activities controlled by the Interstate Commerce Commission, the Pullman Co. as set up has been able to operate for the benefit of both the railroads and the riding public as it never will when split into two parts.

There is the suit against the western railroads to break up a system of co-operative rates and practices which were ordered by the Interstate Commerce Commission in the public interest.

Consider the fact that out of 603 individuals indicted on antitrust charges brought by Thurman Arnold, only 105 were convicted, and most of the others did not even go on trial because the courts held there were no crimes stated in their cases.

But that isn't all. This harassment of business in time of war has been extended to the practice of indicting busy men hundreds or thousands of miles away from their home offices, the evident purpose being to get them to sign consent decrees (amounting to admissions of guilt) in order to avoid the impossible conditions of going to trial that far from home.

The A. & P. Co., whose offices are in New York, was indicted in Dallas, Tex. Michigan automobile companies were sued in Milwaukee. The Pullman Co. of Chicago was sued in Philadelphia. The tobacco companies of North Carolina were sued in Kentucky. The Safeway Co. of San Francisco was sued in Kansas City. The railroads and their bankers, all with head offices in New York, were sued in Topeka.

This is, we say, part and parcel of a scheme to disrupt and destroy the American economic system. To frustrate this scheme there must be a new Department of Justice, and that means a new president.

OCT 1936

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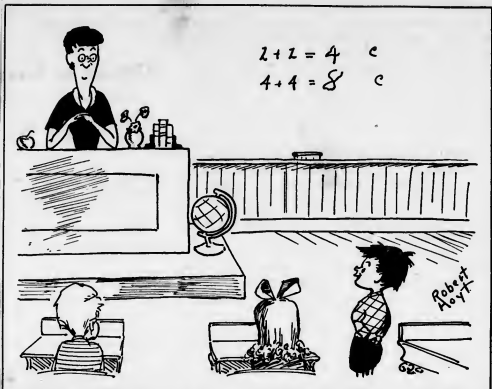
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This is, we say, part and parcel of a scheme to disrupt and destroy the American economic system. To frustrate this scheme there must be a new Department of Justice, and that means a new president.

By Age Oct. 14-68

The Correct Answer



"To 'biddle' means to persecute, annoy, or otherwise disturb a man when he is busy at an important job."

Mr Geo. Kelly.

To quote, new word to be added to our dictionary

P. 10/19-68



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*107-4*

## EXPECT DELAY IN PULLMAN CAR SEGREGATION

BY HERMAN GASTRELL SEELY

Don't be surprised at a war-inspired postponement of the segregation of Pullman, Inc., and the Pullman Co., which operates the sleeping-car business of the nation's railroads.

Under the consent decree entered in the U.S. District Court last May, Pullman, Inc., has until Oct. 5, 1945, to dispose of its transportation affiliate. In accordance with that decree, a plan was submitted early this month for the sale of its cars and services to a new corporation owned and operated by the railroads.

The District Court at Philadelphia took under advisement the plan for organizing the proposed Railway Pullman-Sleeping Car Co. and in the meanwhile rumors are in circulation as to the next step in the corporate divorce proceedings.

Well-informed sources not connected with Pullman predict a formal plea for delay will be filed, based on the possible adverse effect on the war effort. There is a unanimity of opinion as to the filing of the plea, but decided uncertainty as to whether it will come from counsel for the company, the armed forces of these United States, or both.

### Basis for Request.

Gist of the argument will be that it will be very much to the advantage of the Army and the Navy to continue to operate the sleepers under the same centralized management that successfully "Pullmanized" a total of 5,673,075 troops during the first eight months of this year.

It may also be pointed out that to try to bring in a new ownership and operations group before the job of demobilization is ended, or at least past its peak, will add decidedly to the problems of the reconversion period.

Giving impetus to the eprobability of a delay beyond that original Oct. 5, 1945, effective date is the lack of unanimity among the railroads themselves as to the desirability of the car pool system that is the backbone of the proposed Railway-Pullman Sleeping Car Co.

### One System Dies.

One big Eastern system has already announced that it is not interested in a car pool plan. Meanwhile, committees representing the Eastern and Western railroads are trying to find a common ground of agreement among their members.

At present, opinion among the railroads seems pretty sharply divided. The proposals for the

formation of a Railway-Pullman Sleeping Car Co. has both supporters and determined critics.

The critics fall into two classes.

One group wants to be very certain that some of the equipment owned by the present Pullman sleeping cars subsidiary is bought at its real value in an era of modernization and streamlined trains.

A second group takes the attitude that acquisition of the more modern Pullman rolling stock, of the type now on the crack eastern trains would be fine but—

### Options a Problem.

To quote an informed source:

"Roads operating this type of equipment have an option to purchase. . . . It is exceedingly unlikely that these cars would be released for other roads."

This group of rail executives at present inclines to the opinion that it might be better to place orders for ultra-modern streamlined equipment than to pool rolling stock that is rapidly falling into the obsolescent class.

All of which makes early reports by the eastern and western rail committees on the Pullman plan exceedingly improbable. . . . and for the virtual certainty that Pullman, Inc., will continue to manage its Pullman sleeping car subsidiary as long as the war continues.

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Wall St. Journal  
Oct. 11, 1944

**WALL ST. JOURNAL** 10/11/44  
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Chicago Tribune  
Nov. 15, 1944

**Investors' Guide**



Wednesday, Nov. 15, 1944.  
[Copyright: 1944: By The Chicago Tribune.]

**BUDD'S FIELD WIDENED.**

Please tell me how the Pullman anti-trust decision affects the post-war prospects of Edward G. Budd Manufacturing company.—E. W.

Under federal court decree the Pullman sleeping car operating business and car manufacturing business are "completely and perpetually separated." Continuance of exclusive dealings between Pullman company and Pullman-Standard Car Manufacturing company is forbidden. During the interim between the court decision and actual separation of these two companies from common ownership thru Pullman, Inc., the sleeping car unit is permitted to purchase new cars only thru award to the lowest bidder.

Thus the sleeping car manufacturing opportunities are opened more widely to other car builders, including Budd, a leader in the construction of lightweight trains. Budd has made sleeping cars for such trains as the Santa Fe's Super Chief, for example, and the management intends to seek some of the more extensive car business that will be available as a result of the court action.

Company officials predict that most, if not all, of the future sleeping car construction will be of the lightweight type. Budd trains are built of high tensile stainless steel. At present the company's facilities are devoted to war work.

What Budd's widened opportunity may mean in the way of future earnings is impossible to estimate. Pre-war earnings were subject to variation, dependent in large part on fluctuations of its automobile body business and other activities.

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Investors' Guide



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(Copyright, 1944, by The Chicago Tribune.)

BUDD'S FIELD WIDENED.

Please tell me how the Pullman anti-trust decision affects the post-war prospects of Edward G. Budd Manufacturing company.—E. W.

Under federal court decree the Pullman sleeping car operating business and car manufacturing business are "completely and perpetually separated." Continuance of exclusive dealings between Pullman company and Pullman-Standard Car Manufacturing company is forbidden. During the interim between the court decision and actual separation of these two companies from common ownership thru Pullman, Inc., the sleeping car unit is permitted to purchase new cars only thru award to the lowest bidder.

Thus the sleeping car manufacturing opportunities are opened more widely to other car builders, including Budd, a leader in the construction of lightweight trains. Budd has made sleeping cars for such trains as the Santa Fe's Super Chief, for example, and the management intends to seek some of the more extensive car business that will be available as a result of the court action.

Company officials predict that most, if not all, of the future sleeping car construction will be of the lightweight type. Budd trains are built of high tensile stainless steel. At present the company's facilities are devoted to war work.

What Budd's widened opportunity may mean in the way of future earnings is impossible to estimate. Pre-war earnings were subject to variation, dependent in large part on fluctuations of its automobile body business and other activities.

## EDITORIAL

## Pullman

The enforced segregation of the Pullman properties and the probable purchase of the car-operating company by the railroads imposes an obligation upon the latter which is as important as any which they have assumed. For more than 80 years, Pullman has stood for all that was "top" in travel service. Not that it did not develop occasional flaws—just as occurs everywhere—but, by and large, it created an enviable reputation for carrying efficiently, courteously, deftly and safely for its patrons; so much so, in fact, that it became a mark of distinction to be a Pullman traveler.

If the railroads take over the Pullman Company intact, with all of its highly-trained personnel as well as its staff officers, there is every reason to believe that the sleeping-car service may continue to function with its former precision. (The parlor cars are to be sold separately, it appears, and will be operated by such railroads as wish to maintain that important phase of their service.) But the first evidence that Pullman may no longer be a nationwide unit, even if under the railroads' aegis hereafter, comes in the news that the Pennsylvania Railroad proposes to operate its own sleeping-car service in the future, buying from Pullman such equipment as it may need to fill its runs. What other roads may do is not immediately apparent, but presumably others may emulate Pennsylvania's lead.

Thus, there appears to be the first crack in a nation-wide operation of what was "Pullman." It would seem unfortunate were the remainder of the operations to be taken over by a miscellaneous group of railroads, labelled the "Railway Sleeping-Car Agency," similar to "Railway Express Agency," and have the nameboard of the cars painted with that unglamorous designation. But whatever the outcome of this unfortunate situation may be, a serious obligation is imposed upon the railroads to continue in its finest tradition the example which Pullman has established and maintained for nearly a century. Travelers judge railroads more by what they themselves see on trains than in any other way; and, naturally, Pullman patrons are the more affluent type, to whom a favorable impression is the more advantageous, from a business standpoint. If the railroads, collectively or individually, take over the Pullman operations, they will do well to exert every effort to maintain the traditional Pullman service.

January 3, 1946

Western Rails  
Sue to Dismiss  
Trust ChargeNelson Approval of Joint  
Action and Role in War  
Effort Basis for Petition

LINCOLN, Neb., Jan. 2 (Special).—Motions were filed in the United States district court here today by counsel for the Western Association of Railway Executives to dismiss an antitrust suit charging 47 railroads and 90 railroad and banking officials with conspiracy to maintain non-competitive rates and monopolize transportation in the western United States.

In the event dismissal is denied, motion was made for a bill of particulars, railroad counsel asserting that much of the government's complaint was vague as to time, place, and character of allegations.

Dismissal of the case was asked on the ground that Congress on June 11, 1942, passed Public Law No. 603 suspending antitrust prosecution of industries wholeheartedly engaged in activities toward winning the war.

Nelson Approval Cited  
The railroads, the motion contended, were placed in this category in March, 1943, when Donald M. Nelson, then the chairman of the War Production Board, issued the board's certificate No. 44 advising the attorney-general he approved of joint action by the carriers through rate bureaus, rate conferences, or other similar organizations for the "initiation and establishment of common carrier and freight forwarder rates, fares and charges, and carrier and forwarder regulations and practices" subject to approval of the Interstate Commerce Commission which was forthcoming April 15, 1943.

The conference method of making freight rates, an accepted practice for more than 35 years was referred to as collusive in the government's complaint, was one of the principal allegations in the over-all charge of conspiracy and monopoly.

**Hits Validity of Charge**  
The motion observed that the government's suit, filed here last August, "is with reference to such alleged joint rate action and may" not be commenced under the antitrust laws of the United States by reason of the express prohibition against the same contained in Section 12 of Public Law No. 603, and therefore the complaint fails to state a claim upon which relief can be granted, this court is without jurisdiction of the subject matter, and the plaintiff is without capacity to sue herein."

In the alternative, motion was made that all reference to the "initiation and establishment of common carrier rates, fares and charges and carrier regulations and practices," and all reference to "alleged monopoly, attempt to monopolize, or combination and conspiracy to monopolize" be stricken from the government's complaint.

NEWCASTLE, PA.  
NEWS

JAN 19 1945

Conductors Protest  
Action By Company

PHILADELPHIA, Jan. 19.—(INS).—The Order of Railway Conductors of America today held the right to intervene in the government's antitrust suit against the Pullman company to protect their jobs which might be affected by the case.

The organization, representing 290 conductors employed by the company, was granted the right in U. S. district court in Philadelphia to intervene in the suit to protect seniority, retirement and other rights that may be threatened by the court order that the Pullman combination give up either the business of operating sleeping cars, or that of manufacturing them.

The court has not yet acted upon the company's decision to divest itself of operating sleeping cars and continue their manufacture.

The conductors expressed the fear, in a petition filed with the court for leave to intervene, that if the Pullman company is allowed to sell the sleeping car business, many of them who have been with the company for 20 years or more would be thrown out of work.

January 3, 1946

TRAVEL ITEMS, DECEMBER 1, 1944

## EDITORIAL

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If the railroads take over the Pullman Company intact, with all of its highly-trained personnel as well as its staff officers, there is every reason to believe that the sleeping-car service may continue to function with its former precision. (The parlor cars are to be sold separately, it appears, and will be operated by such railroads as wish to maintain that important phase of their service.) But the first evidence that Pullman may no longer be a nationwide unit, even if under the railroads' aegis hereafter, comes in the news that the Pennsylvania Railroad proposes to operate its own sleeping-car service in the future, buying from Pullman such equipment as it may need to till its runs. What other roads may do is not immediately apparent, but presumably others may emulate Pennsylvania's lead.

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## Western Rails Sue to Dismiss Trust Charge

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Dismissal of the case was asked on the ground that Congress on June 11, 1942, passed Public Law No. 603 suspending antitrust prosecution of industries wholeheartedly engaged in activities toward winning the war.

Nelson Approval Cited.—The railroads, the motion contended, were placed in this category in March, 1943, when Donald M. Nelson, then the chairman of the War Production Board, issued the board's certificate No. 44 advising the attorney-general he approved of joint action by the carriers through rate bureaus, rate conferences, or other similar organizations for the "initiation and establishment of common carrier and freight forwarder rates, fares and charges, and carrier and forwarder regulations and practices subject to approval of the Interstate Commerce Commission which was forthcoming April 15, 1943.

The conference method of making freight rates, an accepted practice for more than 35 years was referred to as collusive in the government's complaint, was one of the principal allegations in the over-all charge of conspiracy and monopoly.

His Validity of Charge.—The motion observed that the government's suit, filed here last August, "is with reference to such alleged joint rate action and may" not be commenced under the antitrust laws of the United States by reason of the express prohibition against the same contained in Section 12 of Public Law No. 603, and therefore the complaint fails to state a claim upon which relief can be granted, this court is without jurisdiction of the subject matter, and the plaintiff is without capacity to sue herein."

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NEWCASTLE, PA.  
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Cir. [D 13,977]

This Clipping From  
NORRISTOWN, PA.  
TIMES-HERALD

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LEHIGHTON, PA.  
LEADER

Cir. D. 2,543

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The petition of the ORCA, which represents 2,900 Pullman employes, states that it hopes to urge the court to have the labor contract taken over by the purchaser of the operating company, if such transfer is approved.

Cir. [D 4,890]

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RECORD ARGUS

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WILKES-BARRE, PA.  
TIMES-LEADER-NEWS

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Cir. [D 7,660]

This Clipping From  
BLOOMSBURG, PA.  
MORNING PRESS

JAN 20 1945

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PHILADELPHIA, PA.  
BULLETIN  
Cir. D. 639,110

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Circuit Court Judge John Biggs, Jr., signed the decree allowing the petition of A. G. Wise, executive vice president of the union.

Wise, declaring that many of the conductors have been with Pullman for more than 20 years and that their average age is 33, expressed a fear that they would lose their jobs and benefits under a labor contract if Pullman is allowed to sell its sleeping car business.

The company has elected to give up operation of the cars.

Cir. [D 9,741]

This Clipping From  
LEWISTOWN, PA.  
SENTINEL

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Cir. [D 4,590]

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Wise, declaring that many of the conductors have been with Pullman for more than 20 years and that their average age is 35, expressed a fear that they would lose their jobs and benefits under a labor contract if Pullman is allowed to sell its sleeping car business. The company has elected to give up operation of the cars.

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Cir. [D 5,420]

This Clipping From  
LOCKHAVEN, PA.  
EXPRESS

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CHICAGO JOURNAL OF COMMERCE

Chicago, Ill.

JAN 27 1945

Two more groups of Pullman Company employes yesterday were authorized to participate in the government's anti-trust suit against the company in federal court at Philadelphia.

The groups—Pullman Car Employes Association of Repair Shops, Wilmington, Del., composed of 3,500 workers, and Pullman Clerks' Association, Chicago, composed of 3,300 employes—joined the Order of Railway Conductors of America, whose 2,900 Pullman conductors last week were granted the right to intervene. The court on May 8 directed removal of the sleeping car branch of the Pullman Company from the company's car manufacturing branch.

The company elected to keep the car manufacturing branch and sell the sleeping car unit. It has suggested a plan to the railroads now using its sleeping car service to purchase that branch and take over the operating personnel.

The employes' groups said they felt their jobs, retirement and other benefits might be jeopardized by the transfer of ownership.

N.Y. Times  
Feb. 20, 1945

### PULLMAN PLAN OPPOSED Berge Files Objections to Proposal He Calls 'Unclear'

PHILADELPHIA, Feb. 19 (AP)—Wendell Berge, Assistant United States Attorney General, filed objections today in Federal court to the Pullman Company's plan for separating its sleeping car and manufacturing businesses, asserting it was "unclear and ambiguous."

Representing the department's anti-trust division, Mr. Berge declared the plan did not comply with a United States District Court decree to dissolve the company's forty-year-old monopoly on servicing and manufacturing railroad sleeping cars.

He contended that the court's final decree, entered by a three judge expediting court last May, called for a complete separation of the two branches of the company's business, and that Pullman's plan did not fulfill it. He said Pullman is offering to retire from the sleeping car business, whereas the decree demands that the separation must provide for its operation by other individuals. Berge said Pullman's suggestion that railroads form an operating pool does not give anyone else the opportunity to acquire the business.

Cir. [D 28,318]

This Clipping From  
NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL

JAN 27 1945

PULLMAN, INC.: Judge John Biggs, Jr., of Third Federal Court of Appeals, Philadelphia, has permitted the Pullman Car Employes Association of Repair Shops and the Pullman Clerks' Association to intervene in the consideration of any plan for the separation of the sleeping car business of Pullman from its car manufacturing activities in order for these unions to protect their existing contracts with the company. The two unions represent 6,800 employes. Last week, Judge Biggs permitted the Order of Railway Conductors of America, representing 2,900 Pullman employes, to intervene in the case.

Cir. [D 89,578] (S 89,578)

This Clipping From  
NEW YORK, N. Y.  
PM

JAN 23 1945

### Moved to Intervene

U. S. District Court in Philadelphia has granted two employe associations the right to intervene as interested parties in the Federal Government's anti-trust suit against the Pullman Co.

tribune  
Chicago, Ill.  
1-27-45

### FULLMAN CLERK, REPAIR GROUPS JOIN TRUST CASE

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Eve. Star Wash.  
Feb. 20, 1945

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Cir. (D 5,420)

This Clipping From  
LOCKHAVEN, PA.  
EXPRESS

JAN 22 1945

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The petition of the ORCA, which represents 2,900 Pullman employes, states that it hopes to urge the court to have the labor contract taken over by the purchaser of the operating company, if such transfer is approved.

Circ. (D 28,318)

This Clipping From  
NEW YORK, N. Y.  
MORNING WALL ST. JOURNAL

JAN 27 1945

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Circ. (D 89,578) (S 89,578)

This Clipping From  
NEW YORK, N. Y.  
PM

JAN 28 1945

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CHICAGO JOURNAL OF COMMERCE

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The company elected to keep the car manufacturing branch and sell the sleeping car unit. It has suggested a plan to the railroads now using its sleeping car service to purchase that branch and take over the operating personnel.

The employes' groups said they felt their jobs, retirement and other benefits might be jeopardized by the transfer of ownership.

Tribune

1-27-45

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N.Y. Times

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Berge Files Objections to Proposal He Calls 'Unclear'

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Representing the department's anti-trust division, Mr. Berge declared the plan did not comply with a United States District Court decree to dissolve the company's forty-year-old monopoly on servicing and manufacturing railroad sleeping cars.

He contended that the court's final decree, entered by a three judge expediting court last May, called for a complete separation of the two branches of the company's business, and that Pullman's plan did not fulfill it. He said Pullman is offering to retire from the sleeping car business, whereas the decree demands that the separation must provide for its operation by other individuals. Berge said Pullman's suggestion that railroads form an operating pool does not give anyone else the opportunity to acquire the business.

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Wendell Berge, assistant attorney general in charge of the anti-trust division, said the company's plan is "ambiguous" and does not provide complete separation of the two businesses.

### Split Ordered by Court.

He said it does not comply with the intention of the court which on Jan. 22, 1944, ordered the separation.

Pullman, Inc., is the parent of Pullman company which operates the sleeping car service and Pull-

man-Standard Car Manufacturing company which builds the cars. Given a choice of remaining in the manufacturing or operating ends, Pullman elected to retain Pullman-Standard and suggested that the railroads form a pool to buy the operating facilities.

### Asks Forced Car Sale.

Berge contended, however, that no one else is able to take over the servicing business and suggested that the court order Pullman to sell its stock in the operating end of the business not only to railroads but to any group wishing to purchase it. He also suggested that Pullman-Standard be compelled to sell sleeping cars not only to a pool of railroads but to individual railroads at reasonable prices.

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## Pullman Splitup Plan's Rejection Asked by Berge

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Wendell Berge, assistant attorney general in charge of the antitrust division, said the company's plan is unclear and "ambiguous" and doesn't amount to complete separation of the two businesses.

The assistant attorney general said the present plan does not comply with the intention of the court which on Jan. 22, 1944, ordered the company to separate its manufacturing business from its servicing activities.

Mr. Berge said the plan proposed by Pullman, Inc., is merely an offer to get out of the sleeping car servicing business entirely which, he added, would be "catastrophic" to the public and the railroads.

Pullman, Inc., is the parent of Pullman Co., which operates the sleeping car service, and Pullman Standard Car Co., which manufactures the cars.

Pullman, given a choice last year of remaining in the manufacturing or operating ends, elected to retain the Pullman Standard Car Co., suggesting the railroads of the nation form a pool to buy the operating facilities.

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In addition, Mr. Berge suggested that the Pullman Standard Car Co. should be compelled to sell sleeping cars not only to a pool of railroads but to individual railroads at reasonable prices.

The assistant attorney general said that Pullman should be able to complete the separation of the two businesses within a year after the plan is agreed upon.

Chicago Sun  
February 21, 1945

## U.S. Attacks Plan To Divide Pullman

PHILADELPHIA, Feb. 20.—(UP)—The federal government has filed objections to the Pullman Co. plan to separate its sleeping car manufacturing and operating car manufacturing and operating business as directed in an anti-trust decision nine months ago.

Wendell Berge, special assistant to the attorney general, filed the objections in U.S. District Court, alleging that Pullman's proposed plan did not conform with the federal court decree to dissolve its 40-year monopoly on manufacturing and servicing Pullman railroad cars.

Berge termed the Pullman plan "unclear and ambiguous." Pullman's plan provided for disposal of its sleeping car business and properties for an estimated \$81,000,000. The plan proposed the formation of the Railway Pullman Sleeping Car Co., a new corporation to be operated by various railroads on a pro-rata basis.

The company plan suggesting an operating pool by railroads would not give anyone else the opportunity to acquire the business, Berge said.

In asking the court to disapprove the Pullman plan, Berge said the company should be directed to deal "with any prospective purchaser who may be interested in acquiring any of the company's assets."

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## Berge Charges It Does Not Free Sleeping-Car Business And Manufacturing

### Complete Cleavage Is Sought

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The Government's position is that the plan submitted by Pullman is nothing more than an offer to retire from the sleeping car business, whereas the court's decree specifically provides that it must bring about a complete separation with the objective of someone else taking over the sleeping car business and operating it.

Mr. Berge said Pullman suggested that the railroads form a buying group to take over the business, but did not give anyone else the opportunity to acquire the business. If Pullman were allowed to simply retire from the sleeping car business, it would create untold hardships on the railroads and on the traveling public because Pullman has had such a complete monopoly on sleeping cars and their services that there is no competitor in the field now to take up the business, he said. He also called attention to the fact that the Pullman offer is confined to a sale of the physical assets as a unit. Claiming that the plan does not meet the terms of the separation decree, Mr. Berge, on behalf of the Government, says that a "simple plan" should be formulated to contain these minimum, essential provisions:

#### Conditions Stated

1. Pullman Inc. should be required to sell all the stock or all the physical properties of the Pullman Co.
2. Pullman should be required to deal with any prospective purchaser or purchasers who may be interested in acquiring all or part of the assets or stock of the Pullman Co.
3. Whatever disposition is made of the stock or assets it should contemplate the use of the sleeping car pool by the traveling public upon the railroads of this country.
4. The Pullman Co. should be required to

sell sleeping cars to individual railroads at reasonable prices, but not for more than the depreciated value of the cars.

#### Other Conditions

Mr. Berge said the final judgment should also contain these conditions:

1. That the purchaser or purchasers of the sleeping car business shall sell used sleeping cars to railroads.
2. That the purchasers shall at the request of any railroad, service railroad-owned sleeping cars.
3. That the purchaser or purchasers shall conduct both partial operations and through-line operations; that the purchaser or purchasers should be prohibited from using exclusive right clauses and that the purchaser or purchasers should be forbidden to acquire competitors.

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**TIMES-HERALD**  
**Washington's Independent**  
**Newspaper**

3-14-45

## Roosevelt vs. Private Enterprise

President Roosevelt's legal Man Friday, Attorney General Francis Biddle, has just started another of those anti-trust suits of which he and his boss are so fond.

This latest suit is against the American Association of Railroads, the Western Association of Railway Executives, J. P. Morgan & Co.; Kuhn & Co.; 47 railroads and their top executives, and 31 other individuals mixed up with railroading. It is charged that together these parties have constituted a trust in some vaguely described way having to do with freight rates East and West.

The suit comes at a time when we are in two major wars, when the railroads are hauling more freight and passengers than ever before, and when almost everybody is cheering the rails for the excellent job they are turning in. They are undermanned and overloaded. Yet they have kept accidents to rockbottom level up to now, despite deteriorating equipment and the difficulty of getting replacements, and they keep shuttling troops and war materials to the ports with unflinching regularity and speed.

**Another  
'Trust'**

It seems a strange time to bring such a suit—strange until you consider the general pattern into which this suit falls.

This is the same sort of thing as the anti-trust suit against the Associated Press, a large co-operative news-gathering agency which has stiff and capable competition and is therefore not a trust. The Roosevelt Administration brought that suit and pressed it to some sort of victory in the lower courts, though the Supreme Court has yet to pass on it finally.

The railroad suit, too, is of a piece with the anti-trust suit against the Pullman Co., which Biddle pressed to a Government victory. The Pullman Co., making and operating the best sleeping cars in the world, was ordered either to quit making or to quit operating them—the traveling public to take it on the chin.

The only logical conclusion from all these things, so far as we can see, is that the Roosevelt Administration is an implacable enemy of American private enterprise and individually owned business, and is out to break up those basic American institutions if it can and in any way it can.

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## Pullman Hearing Set for March 19

PHILADELPHIA, Feb. 28 (UP).—The United States district court has set March 19 for consideration of the Pullman, Inc., plan to separate its sleeping car business from its manufacturing business.

The court will hear Wendell Berge, United States attorney general, present government objections to the plan proposed by Pullman. The government attacked the plan as unsatisfactory, and as not in adequate compliance with a federal court order that the company dispose of one or the other of the two businesses.

Union representatives for three groups of Pullman employes also will be present to protest against any plan which fails to protect their jobs and other rights held under labor contracts with the company.

## RAILROADS

### Cars for Sale

The Assistant Attorney General of the U.S., youngish, trust-crunching Wendell Berge, was a greatly annoyed man last week. The reason: no one seemed to be in any hurry to plunk down \$81 million for the 7,121 sleeping and parlor cars, the mountains of hand towels, bed sheets, the ten laundries, etc. that Pullman, Inc. had for sale. Until a buyer could be found, the grand finale to one of Berge's most successful antitrust suits could not be written.

Last June, after Berge convinced a federal court that Pullman's ownership of its sleeping-car operating company and its car-building subsidiary was a monopoly, the court ordered Pullman to dispose of one or the other.

As expected, Pullman chose to sell its car-operating company and to keep its manufacturing unit, Pullman-Standard Manufacturing Co. Then everyone sat back and waited for the railroads to form an operating company, step in and take over the sleeping cars.

To the surprise of everybody in the Department of Justice, the railroads failed to get together. Some big roads (like the Pennsylvania) have indicated that they would like to own and operate their own sleepers, just as they do their coaches. But the smaller railroads are unwilling to buy their own Pullmans. If they do, they would be stuck with a surplus of sleepers when seasonal traffic is light. Thus, five months after Pullman filed its separation plan, Berge last week fumed at the proposal, calling it "unclear and ambiguous." His main objection: Pullman Co. was for sale as a unit to the railroads instead of being sold piecemeal, car by car to any buyer who might come along.

Somewhere in this muddle was a middle ground that would give passengers the benefits of better service and equipment, and give the railroads the benefit of a car pool. But neither Berge nor the railroads seemed to know where to find the answer. Said Justice Department last week, "Maybe Fred Harvey will buy it."

TIME, MARCH 5, 1945

## Demand Pullman Sale Within Year

PHILADELPHIA, March 20.—A three-judge U. S. District Court here took under consideration a demand by the government that Pullman, Inc. be ordered to sell its car manufacturing business if it fails to sell within a year its \$80,000,000 sleeping car business. Two years ago this court decreed that Pullman and three subsidiaries were violating the Sherman anti-trust law in the joint manufacture and servicing of sleeping cars.

Powder Hamilton, special assistant attorney general, presented the government's demand. He asked the court to order Pullman to dispose of its sleeping car business within a year, either by a sale as a unit to the railroads or piecemeal to individual roads or by sale of Pullman capital stock to the public. In event of non-compliance Hamilton urged that Pullman be ordered to sell its car manufacturing division and retain the sleeping car business.

Former U. S. Senator George Wharton Pepper, chief counsel for the Pullman group, told the court the company is earnestly endeavoring to get out of the servicing branch as quickly as possible either by a sale or liquidation of its properties and would follow whatever procedure was available.

He said Pullman would prefer to make an outright sale rather than to liquidate because under the latter method it would get little more than scrap prices for its equipment.

MARCH 1, 1945.

## Pullman Hearing Set for March 19

PHILADELPHIA, Feb. 28 (UP).—The United States district court has set March 19 for consideration of the Pullman, Inc., plan to separate its sleeping car business from its manufacturing business.

The court will hear Wendell Berge, United States attorney general, present government objections to the plan proposed by Pullman. The government attacked the plan as unsatisfactory, and as not in adequate compliance with a federal court order that the company dispose of one or the other of the two businesses.

Union representatives for three groups of Pullman employes also will be present to protest against any plan which fails to protect their jobs and other rights held under labor contracts with the company.

## RAILROADS

### Cars for Sale

The Assistant Attorney General of the U.S., youngish, trust-crunching Wendell Berge, was a greatly annoyed man last week. The reason: no one seemed to be in any hurry to plunk down \$81 million for the 7,121 sleeping and parlor cars, the mountains of hand towels, bed sheets, the ten laundries, etc. that Pullman, Inc. had for sale. Until a buyer could be found, the grand finale to one of Berge's most successful antitrust suits could not be written.

Last June, after Berge convinced a federal court that Pullman's ownership of its sleeping-car operating company and its car-building subsidiary was a monopoly, the court ordered Pullman to dispose of one or the other.

As expected, Pullman chose to sell its car-operating company and to keep its manufacturing unit, Pullman-Standard Manufacturing Co. Then everyone sat back and waited for the railroads to form an operating company, step in and take over the sleeping cars.

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CHICAGO HERALD AMERICAN.  
MARCH 20, 1945.

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CHICAGO DAILY NEWS,  
MARCH 20, 1945.

## NEWS Ruling Sought <sup>340</sup> In Pullman Case

PHILADELPHIA—(UP)—Assistant U. S. Attorney General Fowler Hamilton today asked a three-judge Federal District Court to order Pullman, Inc., to sell its manufacturing business unless a "definite" contract for the sale of its \$80,000,000 sleeping car business is produced within a year.

Hamilton asked the court for an immediate ruling on whether the Pullman Co. could retire and leave every railroad in the country without a sleeping car service if it fails to make a sale of the servicing branch's physical assets or capital stock.

He asked the judges to make it clear what the Pullman Co. had to do to comply with the court's May 8 order to dissolve its 40-year monopoly of servicing and manufacturing Pullman railroad cars.

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## Pullman to Rush Breakup

BY HAL THOMPSON.

Separation of the sleeping car business from Pullman Inc., as decreed by the federal court in Philadelphia will be carried out as promptly as can be accomplished with due regard for the public interest, David A. Crawford, president of the corporation, informed stockholders today in his annual report.

His remarks were given apparently in anticipation of the government's latest plea to the Philadelphia court on Monday that the firm be compelled to dispose of its car manufacturing unit if it failed to divest itself of its sleeping car concern within one year.

Reviewing the efforts of the corporation to sell its sleeping car unit, President Crawford said that committees for each of the major railroad regions, were formed shortly after Aug. 30, 1944 to consider the position of the carriers in respect to sale of Pullman Company. He added:

"No official reports of these regional committees have as yet been made public but it is generally understood that these committees have separately reached the conclusion that the railroads should not be called upon to undertake the operation of sleeping car service during the continuance of the existing wartime conditions."

### PROFIT JUMPS.

The statement to shareholders also disclosed earnings for 1944 of \$12,890,000, the largest since 1930 and comparing with \$8,176,000 in the preceding year. The 1944 net was equal to \$3.99 a share as against \$2.52 a share earned in 1943.

Total gross income was \$352,156,723 as compared with \$415,713,933 in the previous year.

The increase in net over 1943, it was explained, was due principally to the return to 1944 carrier net earnings of \$2,743,310 from the deferred maintenance reserve originally set up in 1942 out of income.

Production of war goods by the manufacturing subsidiary, Pullman-Standard Car Manufacturing Company, totaled \$144,000,000 while net profit for this division was \$3,637,685 against \$3,580,343 in the previous year. Net income of the sleeping car unit for 1944 was \$6,078,352 as compared with \$4,320,467 in 1943.

Operational results of the M. W. Kellogg Company which was acquired in December, 1944, are not included in the consolidated income account of Pullman, Inc.

## CALL PULLMAN PLAN RAIL AID

David A. Crawford, president of Pullman, Inc., said in the company's annual report that its plan for retiring from the sleeping car business would assist the railroads in meeting postwar competition.

Referring to the company's decision to withdraw from the sleeping car operating field and remain in the car manufacturing business, after a Philadelphia federal court decreed in anti-trust litigation that it must do one or the other, Crawford said:

"The Pullman plan for retirement from the sleeping car business proposes consolidation in railroad ownership of the now separate and—in part at least—diverse interests of the railroads and of Pullman in the transportation and accommodation phases of the sleeping car travel service.

"This would result in giving to that combined enterprise the benefit of an integrated handling of the vital rate-making function. It would also assure a continuity of operating opportunity that is a prerequisite for the large, long-term, new investment that can now be foreseen to be necessary to equip this service adequately to meet postwar competitive conditions."

### TRAVEL DIFFICULTIES.

The report warned civilians they face "increasingly difficult travel conditions in 1945."

The company handled 28.3 billion miles of passenger travel in Pullman cars in 1944, which was more than double the volume moved in the peak traffic year of 1917 in World War I.

As for the transportation outlook, President Crawford declared "there is little question that railroads, private automobiles and trucks, highway common carriers, airlines and waterways all will have unparalleled opportunities to be of service after the war in assisting to raise the general living standards of the country to a new high point."

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Total gross income was \$352,156,723 as compared with \$415,712,933 in the previous year.

The increase in net over 1943, it was explained, was due principally to the return to 1944 carrier net earnings of \$2,743,910 from the deferred maintenance reserve originally set up in 1942 out of income.

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# Reconversion a Minor Problem For Pullman, Crawford Asserts

## Extensive Expansion Of Facilities Mapped

Reconversion problems will be "minor" in the railway car manufacturing business, David A. Crawford, president of Pullman, Inc., told stockholders yesterday in the company's annual report.

The return to production of supplies needed in the peacetime operation of the railroads can be accomplished "almost immediately," the report said, in the working capital of Pullman-Standard Car Manufacturing Company has largely been done in plant facilities not utilized for carbuilding prior to the war.

However, it was pointed out that large postwar expenditures at Pullman-Star-ard's active plants are being planned better to equip them for the most efficient production of modern types of freight and passenger cars.

### 'Opportunity in Sale Plan'

The report described Pullman's plan for sale of its sleeping car properties to the railroads as a means of helping the railroads to meet postwar travel competition. It said the plan not only would assure a continuity of operating opportunity that is "a prerequisite for the large, long-term, new investment that can now be foreseen to be necessary to equip this service adequately to meet postwar competitive conditions," but would give the combined enterprise the benefit of an integrated handling of the vital re-taking function.

The proposal to sell these facilities to the carriers was made last year to comply with a federal court decree in the government's antitrust suit against Pullman, which ordered Pullman to dispose either of its service unit or its manufacturing unit. Yesterday the court took under advisement a motion by the government that Pullman be ordered to sell its manufacturing business if it fails to sell its 480,000 sleeping cars business within a year.

### Year's Income Swells

Consolidated net income for 1944 before reorganization, the report showed, was \$12,890,006, equal to \$3.99 a share, compared with adjusted consolidated net income in 1943 of \$8,176,006, or \$2.52 a share, after reorganization.

"An important factor in the increase in net income, despite a decline in gross income, was the return to 1944 carrier net earnings of \$2,743,910 from the deferred maintenance reserve originally set up in 1942 out of tax-paid income. Production of war goods by the manufacturing subsidiary totaled \$144,000,000 in 1944, accounting for more than three-quarters of the combined sales and miscellaneous

revenues of \$185,247,804. In addition to producing landing ships and patrol escort vessels, the manufacturing division turned out wings and assemblies for Douglas transport planes, heavy-gun cradles, transport mounts, shells, bombs and trench mortars, and military railway cars, the report stated.

Working Capital Falls  
Reflecting principally the disbursement of \$18,250,000 in cash in connection with acquisition in December of the M. W. Kellogg Company, the working capital of the consolidated group, not including that held in the Kellogg Company treasury, declined \$1,831,466 to a total of \$56,864,911 at the end of 1944. Consolidated net income likewise did not include Kellogg Company earnings.

The report points out that, following the practice initiated in 1942, the entire 1944 claim for statutory 10 per cent postwar refund (\$2,764,517) of excess profits tax has been appropriated to postwar re-adaptation reserves, bringing such reserves to a total of \$8,826,186. The 1944 claim for postwar refund and the offsetting reserve appropriation are subject to reduction equivalent to 10 per cent of any decrease in 1944 excess profits liability that may result from renegotiation of prices on that year's armament shipments. Pullman performed a total of 12,500,000,000 passenger miles of service in meeting the demand for long distance mass movement of troops, which required the use of roughly one-half the entire fleet of the car operating subsidiary, the Pullman Company, including individual military and civilian travel. Pullman serviced a total volume of 28,300,000 miles of passenger travel—more than double that of the peak traffic year of 1917 in World War I.

### INCOME ACCOUNT

From sleeping car business:	1944	1943
Gross revenue	\$18,022,939	\$11,247,930
Operating expenses	110,888,200	84,029,243
Depreciation	1,242,800	1,242,800
Adjustment	892,750	8,282,390
Income before taxes	16,978,689	10,977,471
Prov. for contr. rev.	—	28,897,871
Payments to R.R.'s	10,978,689	—
Fed. inc. taxes	1,197,010	10,870,087
1942 def. maint. rev.	2,743,910	—
Net carrier earnings	8,622,262	3,420,487
Sales mfg. business:		
Gross revenue	2,347,804	628,922,882
Cost of sales, exps.	184,918,711	243,900,298
Prov. for deprec.	9,989,831	1,095,281
Fed. inc. taxes	14,647,719	12,828,210
Int. & exp. on VI	—	—
Income	843,780	118,071
Approp. for mfg. conting.	—	800,000
Net mfg. earnings	3,837,880	2,380,341
Other inc., net	4,308,987	275,198
Cons. net inc., net	12,890,006	8,176,006
Provision surplus	4,487,281	—
Cons. net inc., net	12,890,006	8,176,006
Acc. acct. seq. of Pullman Co. shrs.	—	432
Leg. div. paid	6,891,838	8,823,783
Surplus Dec. 31:	8,098,168	46,849,810
CONSOLIDATED BALANCE SHEET		
As of Dec. 31:	1943	1944
Current	\$17,674,510	\$211,475,154
Deferred charges	8,888	8,779,381
Deferred charges	777,888	874,179
Equip. & prop., net	84,279,748	67,870,243
Main. & other res.	2,172,214	6,727,812
Investments	18,482,823	913,841
Other assets	8,739,212	4,289,432
Total assets	628,864,081	633,079,316

Current	\$17,674,510	\$211,475,154
Advances on contrs.	8,888	8,779,381
Postwar reserve	777,888	874,179
Other reserves	12,890,006	10,977,471
Deferred crs.	10,476,010	10,870,087
Capital assets	12,890,006	12,713,800
Surplus	8,098,168	46,849,810
Divid. paid	6,891,838	8,823,783
Total liabilities	628,864,081	633,079,316

## Sell Car Firm If Sleeper Split Fails, U.S. Asks

PHILADELPHIA, March 20 (UP).—The government had asked the United States district court to order Pullman, Inc., to sell its manufacturing business, instead of its servicing branch unless it produces a definite contract for the sale of the sleeping car business within a year.

The order was asked by Fowler Hamilton, assistant attorney-general, yesterday during government opposition to a separation plan filed by Pullman in answer to a court decree that the company cease its operation of one of the businesses.

The Pullman plan would have the company retain the manufacturing business, but proposed that railroads of the company form a pool to purchase the service business and conduct it under new management.

If such a sale could not be made, the company said the railroads from the service business. This would result in withdrawal of its cars from all railroads.

Mr. Hamilton said such withdrawal would be catastrophic. He maintained the company has no right to walk out of the servicing business, because no other company in the nation is prepared to take over.

Mr. Hamilton asked Judges John Biggs, Jr. Albert B. Maris and Herbert F. Goodrich for an immediate ruling whether the company can renege, should it fail to sell the physical assets of the servicing company, or its capital stock.

Postwar production plans of other manufacturers of railroad equipment are halted until the separation plan is cleared. Mr. Hamilton said, George Wharton Pepper, former United States senator and counsel for Pullman, said the company was "sincere" in its desire to retire from the servicing business, and that it had the right to retire if no sale could be made. Mr. Pepper also said the original decree in a Sherman antitrust suit charge gave the company the right to hold either business, and that the court cannot alter its original order now.

The government was joined by six labor organizations, representing 23,000 Pullman employees, in objecting to the separation plan. Attorneys said the company has made no provision for retirement pensions, annuity payments and job rights held under labor contracts.

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Reconversion problems will be "minor" in the railway car manufacturing business, David A. Crawford, president of Pullman, Inc., told stockholders yesterday in the company's annual report.

The return to production of supplies needed in the peacetime operation of the railroads can be accomplished "almost immediately," the report said, inasmuch as the war work of Pullman-Standard Car Manufacturing Company has largely been done in plant facilities not utilized for carbuilding prior to the war.

However, it was pointed out that large postwar expenditures at Pullman-Starward's active plants are being planned better to equip them for the most efficient production of modern types of freight and passenger cars.

### 'Opportunity in Sale Plan'

The report described Pullman's plan for sale of its sleeping car properties to the railroads as a means of helping the railroads to meet postwar travel competition. It said the plan not only would assure a continuity of operating opportunity that is "a prerequisite for the large, long-term, new investment that can now be foreseen to be necessary to equip this service adequately to meet postwar competitive conditions," but would give the combined enterprise the benefit of an integrated handling of the vital rate-making function.

The proposal to sell these facilities to the carriers was made last year to comply with a federal court decree in the government's antitrust suit against Pullman, which ordered Pullman to dispose either of its service unit or its manufacturing unit. Yesterday the court took under advisement a motion by the government that Pullman be ordered to sell its manufacturing business if it fails to sell its \$80,000,000 sleeping cars business within a year.

### Year's Income Swells

Consolidated net income for 1944 before renegotiation, the report showed, was \$12,800,000, equal to \$3.99 a share, compared with adjusted consolidated net income in 1943 of \$8,176,000, or \$2.52 a share, after renegotiation.

An important factor in the increase in net income, despite a decline in gross income to \$39,156,723 from \$415,713,035 in 1943, was the return to 1944 carrier net earnings of \$2,743,914 from the deferred maintenance reserve originally set up in 1942 out of tax-paid income.

Production of war goods by the manufacturing subsidiary totaled \$44,000,000 in 1944, accounting for more than three-quarters of the combined sales and miscellaneous

revenues of \$185,347,804. In addition to producing landing ships and patrol escort vessels, the manufacturing division turned out wings and assemblies for Douglas transport planes, heavy-gun carriages, transport mounts, shells, bombs and trench mortars, and military railway cars, the report stated.

Working principally the disbursement of \$18,250,000 in cash in connection with acquisition in December of the M. W. Kellogg Company, the working capital of the consolidated group, not including that held in the Kellogg Company treasury, declined \$1,831,466 to a total of \$66,864,911 at the end of 1944. Consolidated net income likewise did not include Kellogg Company earnings.

The report points out that, following the practice initiated in 1942, the entire 1944 claim for statutory 10 per cent postwar refund (\$2,764,517) of excess profits tax has been appropriated to postwar re-adaptation reserves, bringing such reserves to a total of \$8,938,186. The 1944 claim for postwar refund and the offsetting reserve appropriation are subject to reduction equivalent to 10 per cent of any decrease in 1944 excess profits liability that may result from renegotiation of prices on that year's armament shipments.

Pullman performed a total of 12,500,000 passenger miles of service in meeting the demand for long distance mass movement of troops, which required the use of roughly one-half the entire fleet of the car operating subsidiary, the Pullman Company. Including individual military and civilian travel, Pullman serviced a total volume of 28,300,000 miles of passenger travel—more than double that of the peak traffic year of 1917 in World War I.

INCOME ACCOUNT		
From sleeping car parlor	1944	
Car business	1943	
Gross revenue	\$1,022,959	
Operating expenses	110,894,290	
Operating profit	64,929,243	
Adjustment	692,750	
Profit before taxes	5,862,395	
Provision for income taxes	10,876,741	
Profit after taxes	19,870,504	
Provision for income taxes	17,887,010	
Profit after taxes	19,870,504	
1943 def. maint. res.	2,743,914	
Net carrier earnings	8,222,252	
From mfg. business	4,320,467	
Sales & misc. revs.	\$185,347,804	
Cost of sales, exps.	164,918,211	
Previous year's def. maint. res.	1,809,832	
Fed. inc. taxes	14,547,779	
State & local taxes	12,828,213	
Loss	443,760	
Profit	11,671	
Approp. for mfg. conting.	800,000	
Net mfg. earnings	3,637,885	
Other inc. net	430,037	
Cons. net inc.	12,800,000	
Previous year's surplus	48,648,519	
Cons. net inc.	12,800,000	
Acc. of corp. of Pullman Co. shrs.	412	
Less div. paid	8,661,623	
Surplus	\$38,048,314	
CONSOLIDATED BALANCE SHEET		
As of Dec. 31:		
Current	1944	1943
Assets	\$175,825,530	\$213,475,154
Capital	6,486,476	6,309,364
Deferred charges	797,868	874,179
Sound & prop. net	829,719	97,823,843
Maint. & other res.	3,372,816	6,072,905
Investments	18,483,823	915,841
Other assets	6,750,212	4,203,432
Total assets	\$206,504,081	\$330,079,310

Liabilities	
Current	\$1,208,419
Advances on contr.	6,697,448
Postwar reserve	2,538,182
Other reserves	11,431,043
Deferred crs.	10,476,012
Capital stock	129,182,860
Pullman Co. stock	7,885
Retained	50,043,316
Total liabilities	\$206,504,081

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The Pullman plan would have the company retire the manufacturing business, but proposed that railroads of the company form a pool to purchase the service business and conduct the new management.

If such a sale could be made, the company said it would retire from the service business. This would result in withdrawal of its cars from all railroads.

Mr. Hamilton said such withdrawal would be catastrophic. He maintained the company has no right to walk out of the servicing business, because no other company in the nation is asked to take over.

Mr. Hamilton asked Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich for an immediate ruling whether the separation plan, if ruling should it fail to sell the physical assets of the servicing company, or its capital stock.

Postwar production plans of other manufacturing divisions of railroad equipment are halted until the separation plan is cleared, Mr. Hamilton said. George Wharton Pepper, former United States senator and counsel for Pullman, said the company was "sincere" in its desire to retire from the servicing business, and that it had the right to retire if no sale could be made. Mr. Pepper also said the original decree in a Sherman antitrust suit charge gave the company the right to hold either business, and that the court cannot alter its original order now.

The government was joined by six labor organizations, representing 23,000 Pullman employees, in objecting to the separation plan. Attorneys said the company had made no provision for retirement pensions, annuity payments and job rights held under labor contracts.

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# Reconversion a Minor Problem For Pullman, Crawford Asserts

## Extensive Expansion Of Facilities Mapped

Reconversion problems will be "minor" in the railway car manufacturing business, David A. Crawford, president of Pullman, Inc., told stockholders yesterday in the company's annual report.

The return to production of supplies needed in the peacetime operation of the railroads can be accomplished "almost immediately," the report said, inasmuch as the war work of Pullman-Standard Car Manufacturing Company has largely been done in plant facilities not utilized for carbuilding prior to the war.

However, it was pointed out that large postwar expenditures at Pullman-Standard's active plants are being planned better to equip them for the most efficient production of modern types of freight and passenger cars.

### 'Opportunity in Sale Plan'

The report described Pullman's plan for sale of its sleeping car properties to the railroads as a means of helping the railroads to meet postwar travel competition. It said the plan not only would assure a continuity of operating opportunity that is "a prerequisite for the large, long-term, new investment that can now be foreseen to be necessary to equip this service adequately to meet postwar competitive conditions," but would give the combined enterprise the benefit of an integrated handling of the vital racking function.

The proposal to sell these facilities to the carriers was made last year to comply with a federal court decree in the government's antitrust suit against Pullman, which ordered Pullman to dispose either of its service unit or its manufacturing unit. Yesterday the court took under advisement a motion by the government that Pullman be ordered to sell its manufacturing business if it fails to sell its \$80,000,000 sleeping car business within a year.

### Year's Income Swells

Consolidated net income for 1944 before renegotiation, the report showed, was \$12,890,006, equal to \$3.99 a share, compared with adjusted consolidated net income in 1943 of \$8,176,006, or \$2.92 a share, after renegotiation.

An important factor in the increase in net income, despite a decline in gross income to \$352,156,724 from \$415,713,933 in 1943, was the return to 1944 carrier net earnings of \$2,743,910 from the deferred maintenance reserve originally set up in 1942 out of tax-paid income.

Production of war goods by the manufacturing subsidiary totaled \$44,000,000 in 1944, accounting for more than three-quarters of the combined sales and miscellaneous

revenues of \$185,347,804. In addition to producing landing ships and patrol escort vessels, the manufacturing division turned out wings and assemblies for Douglas transport planes, heavy-gun carriers, transport, mounts, shells, bombs and trench mortars, and military railway cars, the report stated.

### Working Capital Falls

Reflecting principally the disbursement of \$18,200,000 in cash in connection with acquisition in December of the M. W. Kellogg Company, the working capital of the consolidated group, not including that held in the Kellogg Company treasury, declined \$1,831,466 to a total of \$96,864,911 at the end of 1944. Consolidated net income likewise did not include Kellogg Company earnings.

The report points out that, following the practice initiated in 1942, the entire 1944 claim for statutory 10 per cent postwar refund (\$2,764,517) of excess profits tax has been appropriated to postwar adaptation reserves, bringing such reserves to a total of \$8,929,186. The 1944 claim for postwar refund and the offsetting reserve appropriation are subject to reduction equivalent to 10 per cent of any decrease in 1944 excess profits liability that may result from renegotiation of prices on that year's armament shipments. Pullman performed a total of 12,500,000,000 passenger miles of service in meeting the demand for long distance mass movement of troops, which required the use of roughly one-half the entire fleet of the car operating subsidiary, the Pullman Company. Including individual military and civilian travel, Pullman serviced a total volume of 28,300,000 miles of passenger travel—more than double that of the peak traffic year of 1917 in World War I.

### Income Account

	1944	1943
Gross revenue	\$150,902,509	\$151,817,929
Operating expenses	116,998,209	84,429,242
Depreciation	1,000,000	1,000,000
Adjustment	657,750	5,562,393
Profit before tax	10,757,050	6,848,777
Provt. for contrib. res.	10,979,504	26,387,373
Fed. inc. taxes	17,067,010	10,670,387
1944 div. maint. res.	12,194,384	—
1944 div. res.	2,743,910	—
Net carrier earnings	8,822,902	5,420,467
From mfg. business	—	—
Sales & other res.	815,347,804	526,922,862
Cost of sales, exps.	164,918,211	243,200,256
Provt. for contrib. res.	1,000,000	1,000,000
Fed. inc. taxes	14,547,719	12,838,215
1944 div. res.	—	—
Income	243,780	118,071
Advt. for mfg. contrib.	—	800,000
Net mfg. earnings	3,637,685	3,850,213
Other inc., net	430,657	275,196
Gross net inc.	12,890,006	8,176,006
Provt. for contrib. res.	6,848,777	48,307,261
Gross net inc.	12,890,006	8,176,006
Provt. for contrib. res.	12,890,006	8,176,006
Pullman Car Div.	432	—
1944 div. prov.	8,001.00	8,823,761
Surplus	\$2,139,046,214	4,684,910

CONSOLIDATED BALANCE SHEET		
	1944	1943
Current assets	\$175,822,330	\$212,475,154
Deferred charges	6,668,846	8,720,361
Provt. for contrib. res.	737,868	874,179
1944 div. prov.	84,237,888	67,870,241
Maint. & other res.	3,272,414	6,022,003
Investment	11,443,622	91,244,111
Other assets	6,729,212	4,293,432
Total assets	\$296,504,081	\$339,679,310

LIABILITIES	
Current	\$ 78,939,436
Advances on contrib. res.	6,848,777
Provt. reserve	8,038,186
Other reserves	215,846
Deferred chgs.	10,476,012
1944 div. prov.	129,116,000
Pullman Co. stock	4,485
Surplus	80,848,313
Total liabilities	\$296,504,081

## Sell Car Firm If Sleeper Split Fails, U.S. Asks

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The Pullman plan would have the company retain the manufacturing business, but proposed that railroads of the company form a pool to purchase the service business and conduct it under new management.

If such a sale could not be made, the company said it would retire from the service business. This would result in withdrawal of its cars from all railroads.

Mr. Hamilton said such withdrawal would be catastrophic. He maintained the company has no right to walk out of the servicing business, because no other company in the nation is prepared to take over.

Mr. Hamilton asked Judges John Bigger, Jr., Albert B. Maris and Herbert F. Goodrich for an immediate ruling whether the company can retire, should it fail to sell the physical assets of the servicing company, or its capital stock.

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2/21 - Filed Pullman v. Berge  
he allegated for Key, Age

## U. S. Asks Court To Reject Pullman Separation Plan

### Berge Charges It Does Not Free Sleeping-Car Business And Manufacturing

### Complete Cleavage Is Sought

From THE WALL STREET JOURNAL, Phila. Bureau  
PHILADELPHIA—The Government asked the U. S. District Court here to reject the plan submitted by Pullman Inc. for the separation of its sleeping car business from its car manufacturing business under the decree handed down June 8, 1944, in the Government's anti-trust suit.

Wendell Berge, Assistant Attorney General in charge of the anti-trust division of the Justice Department, filed objections to the plan, describing it as "unclear and ambiguous" and not complying with the court's order that there be a complete separation of the two branches of the company's business.

The Government's position is that the plan submitted by Pullman is nothing more than an offer to retire from the sleeping car business, whereas the court's decree specifically provides that it must bring about a complete separation with the objective of someone else taking over the sleeping car business and operating it.

Claiming that the plan does not meet the terms of the separation decree, Mr. Berge, on behalf of the Government, says that a "simple plan" should be formulated to contain these minimum, essential provisions:

#### Conditions Stated

1. Pullman Inc. should be required to sell all the stock or all the physical properties of the Pullman Co.

2. Pullman should be required to deal with any prospective purchaser or purchasers who may be interested in acquiring all or part of

the assets or stock of the Pullman Co.

3. Whatever disposition is made of the stock or assets it should contemplate the use of the sleeping car pool by the traveling public upon the railroads of this country.

4. The Pullman Co. should be required to sell sleeping cars to individual railroads at reasonable prices, but not for more than the depreciated value of the cars.

#### Other Conditions

Mr. Berge said the final judgment should also contain these conditions:

1. That the purchaser or purchasers of the sleeping car business shall sell used sleeping cars to railroads.

2. That the purchasers shall at the request of any railroad, service railroad-owned sleeping cars.

3. That the purchaser or purchasers shall conduct both partial operations and through-line operations; that the purchaser or purchasers should be prohibited from using ex-

THE WALL STREET JOURNAL  
Tuesday, February 20, 1945

sive right clauses and that the purchaser or purchasers should be forbidden to acquire competitors.

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## Pullman Proposal Is Seen as Postwar Aid to Railroads

### Crawford Says Plan to Assist Carriers in Meeting Competition

The proposal of Pullman, Inc., for the sale of its sleeping car properties to the railroads was described in the company's annual report by David A. Crawford, president, as a means of helping the railroads to meet postwar travel competition.

Mr. Crawford said that the proposal consolidates "in railroad ownership the now separate—and in part, at least—diverse interests of the railroads and of Pullman in the transportation and accommodation phases of the sleeping car and travel service, and would result in giving to that combined enterprise the benefit of an integrated handling of the vital rate-making function. It would also assure a continuity of operating opportunity that is a prerequisite for the large, long-term, new investment that can now be foreseen to be necessary to equip this service adequately to meet postwar competitive conditions."

Pullman's choice and proposal to sell the sleeping car operating business to the railroads using it were submitted to the court last October where the plan, and Government objections to it, are pending. Committees for the Eastern, Western and Southeastern railroads are studying the proposal.

#### Interruption Barred

Mr. Crawford said "It is generally understood that these committees have separately reached the conclusion that the railroads should not be called upon to undertake the operation of sleeping car service during the continuance of the existing wartime conditions." He said also that the position of Office of Defense Transportation and Army and Navy Transport Divisions was to co-operate to the end

that there will be no interruption of the present plan of the operation of Pullman cars during the emergency."

Mr. Crawford reported to stockholders consolidated net income, before renegotiation, of \$12,890,008 for 1944, equal to \$3.99 a share, compared with adjusted consolidated net income in 1943 of \$8,178,006, or \$2.52 a share, after renegotiation. Total provision for taxes in 1944 amounted to \$43,286,722, equal to \$13.40 a share.

#### Increase Explained

Principal reason for the increase in net income, despite a decline in gross income to \$352,156,723 from \$415,713,933 in 1943, was the return to 1944 carrier net earnings of

\$2,743,910 from the deferred maintenance reserve originally set up in 1942 out of tax-paid income, it was explained.

#### Working Capital Off

Reflecting principally the disbursement of \$18,250,000 in cash in connection with acquisition of the M. W. Kellogg Co., the working capital of the consolidated group (not including that held in the Kellogg company treasury) declined \$1,831,466 to a total of \$96,864,911 as of December 31, 1944.

The sleeping and parlor car business accounted for \$8,822,262 of the net income of Pullman, Inc., and for \$165,692,598 of gross revenues. Total maintenance expenditures on Pullman equipment in 1944 amounted to \$1,898,748 from \$21,722,430 in

1943, and consequently, the report said, no additional amounts were added in 1944 to the reserve for deferred maintenance.

Production of war goods by the manufacturing subsidiary, Pullman-Standard Car Manufacturing Co., totaled \$144,000,000 in 1944, thus accounting for more than three-quarters of the combined total of sales and miscellaneous revenues of \$185,347,804, on which earnings amounted to \$3,637,585. In addition to producing landing ships and patrol escort vessels, the manufacturing division turned out wings and assemblies for Douglas transport planes, heavy-gun carriages, transport mounts, shells, bombs and trench mortars, and military railway cars, the report stated.



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Boston News Bureau  
March 23, 1945

## Pullman Divestment Ordered

Three-Judge Court Gives Corporation One Year To Sell  
Pullman Co. Stock—Decree Far Short Of  
Government's Demands

Philadelphia—A three-judge United States district court entered an order yesterday in the government's suit for the separation of the sleeping-car business from the car manufacturing branch of Pullman Inc., which is far short of the government's demands.

The government sought an order that Pullman be required to dispose of the car-manufacturing business if it failed to produce a contract for sale of the servicing business and for a ruling that Pullman could not simply retire from servicing sleeping cars but it could negotiate a sale.

Order entered yesterday by the court gives Pullman Inc. one year to contract for sale of all of the capital stock it owns in the Pullman Co., the servicing unit, or a contract for sale of the \$80,000,000 worth of physical assets of the sleeping-car business, making no ruling whatever on the other two demands of the government.

### Sale Subject To Court Approval

The court's order assigned by Judges John Dix, Jr., Albert B. Norris and Herbert H. Goodrich stipulates that any contracts made by Pullman Inc. are subject to approval by the court and the Pullman Co. cannot sell any of its sleeping-cars without the court's sanction.

Government also sought to have the court specify to direct Pullman Inc. to offer the physical assets or the capital stock to others besides railroads, but the court limited its direction to Pullman Inc. to the statement that it "may cause the Pullman Co. to offer to treat with the railroads or any other persons" for the sale of the business or stock.

The decree permits Pullman Inc. to sell all of the stock it owns in the Pullman Co. either to the railroads or to any other persons, either in whole or in part, and the Pullman Co. is allowed to sell its business either in whole or part to purchasers other than railroads. The court, however, reserves the right to modify the order any time before the expiration of the year.

N.Y. Wall St.  
March 23, 1945

Pullman Inc. was given until March 22, 1946, to sell all the capital stock it owns in Pullman Co., which operates the sleeping car business, or to arrange for the sale of the \$80 million physical assets of Pullman Co. The order was entered by Federal Court in Philadelphia to enforce its decree requiring Pullman Inc. to give up car manufacturing or sleeping car operation.

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No ruling was made as to what would be done if the company fails to produce a sales contract within the year.

### Falls to Rule on Plea

The court's order enforces its decree of May 8, 1944, which would divorce the sleeping car manufacturing business from the servicing unit of the company but failed to require the company to sell its car manufacturing business if it cannot produce contracts for the sale of the servicing unit within a year.

The court decreed two years ago that Pullman Inc., and three subsidiaries were violating the Sherman Anti-Trust Act through the

joint manufacture and servicing of sleeping cars.

The Government asked the court for an immediate ruling that the Pullman Co., an affiliate operating the servicing unit, cannot go out of business if it fails to sell its business within a year, leaving the public without sleeping car service. The court did not rule on the Government request.

In answer to another Government request that the court order the Pullman group to offer the business to any responsible purchaser, the court said Pullman, Inc., the top corporation, "may cause the Pullman Co. to offer to treat with the railroads or any other persons for the sale of the sleeping car business."

Pullman, Inc., may enter into contracts for the sale of the servicing business but these agreements are subject to court approval, and the Pullman Co., servicing unit, cannot sell its sleeping cars without court consent.

Today's decree followed a hearing on Monday at which Fowler Hamilton, assistant to the Attorney General, termed the Pullman

group's plan to sell the sleeping car business to a buying group composed of the nation's railroads a "gesture of compliance."

Mr. Hamilton urged the court to insert in its decree an alternative directive requiring the Pullman Co. to sell the manufacturing unit and keep operating the servicing unit should attempts to sell the servicing business fail.

He contended that if the court waited a year to decide whether Pullman would service or manufacture sleeping cars, independent manufacturers of sleeping car equipment would lose a year's planning and face further delays occasioned by possible appeals to the Supreme Court by the losing party.

### Kelly Hails Order

George A. Kelly, vice president of the Pullman Co., said in a statement last night that the provisions of the order entered by the court in Philadelphia yesterday give Pullman, Inc., "broad freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Co., in compliance with the decree of the court of May 8, 1944."

"We regard this order as properly considerate of the public interest, of the interests of our employees and the interest of the 35,000 shareholders of Pullman, Inc."

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March 23, 1945

### Court Gives Pullman, Inc., A Year to Sell Subsidiary

But No Action Is Specified if  
Parent Firm Can't Comply

PHILADELPHIA, March 22 (AP).—The United States District Court today granted Pullman, Inc., a year in which to arrange for the sale of its servicing unit or the sale of its \$80,000,000 of physical assets. No ruling was made as to what would be done if the company fails to produce a sales contract within the year.

The court's order enforces its decree of May 8, 1944, which would divorce the sleeping car manufacturing business from the servicing unit of the company, but failed to require the company to sell its car manufacturing business if it cannot produce contracts for the sale of the servicing unit within a year. The court decreed two years ago that Pullman, Inc., and three subsidiaries were violating the Sherman anti-trust act through the joint manufacture and servicing of sleeping cars.

The government asked the court for an immediate ruling that the Pullman Co., an affiliate operating the servicing unit, cannot go out of business if it fails to sell its business within a year, leaving the public without sleeping car service. The court did not rule on the government request.

In answer to another government request that the court order the Pullman group to offer the business to any responsible purchaser, the court said Pullman, Inc., the top corporation, "may cause the Pullman Company to offer to treat with the railroads or any other persons for the sale of the sleeping car business." Pullman, Inc., may enter into contracts for the sale of the servicing

business, but these agreements are subject to court approval, and the Pullman Co., servicing unit, cannot sell its sleeping cars without court consent.

#### Court's Action Approved

George A. Kelly, vice-president of Pullman Co., commenting on the decision, said:

"The provisions of the order entered by the court in Philadelphia today give Pullman, Inc., more freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Co., in compliance with the decree of the court of May 8, 1944.

"We regard this order as properly considerate of the public interest, of the interests of our employees, and the interest of the 35,000 stockholders of Pullman, Inc."

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# PULLMAN GETS YEAR TO YIELD SLEEPING CARS

## Alternative Order Denied U.S.

Philadelphia, Pa., March 22 (AP).—The United States District court today granted Pullman, Inc., one year in which to arrange for sale of all capital stock it owns in its subsidiary, the Pullman company, or disposal of the 80 million dollars of physical assets of this sleeping car business.

No ruling was made as to what would be done if the company failed to produce a sales contract within the year.

The court's order was designed to carry out its decree of May 8, 1944, to divorce Pullman's sleeping car and manufacturing businesses. The court held two years ago that Pullman, Inc., and three subsidiaries were violating the Sherman antitrust act thru operations in both the manufacture and servicing of sleeping cars.

### U. S. Fails to Obtain Ruling.

The government failed to obtain a ruling on its request for an immediate order that Pullman company could not go out of business if not sold within the year, leaving the public without sleeping car service.

In answer to another government request that it order Pullman to offer the business to any responsible purchaser, the court said Pullman, Inc., parent corporation, "may cause the Pullman company to offer to treat with the railroads or any other persons for the sale of the sleeping car business."

Contracts for the sale of the servicing business will be subject to court approval as will any sale of the sleeping cars.

### Alternate Order Urged.

At a hearing Monday Fowler Hamilton, assistant to the attorney general, termed the Pullman plan to sell its sleeping car business to a buying group composed of the nation's railroads a "gesture at compliance."

# Court Shuns U.S. Demands In Pullman Co. Sale Order

PHILADELPHIA, March 22.—(UP)—Pullman Inc. was ordered today by a three-judge Federal Court to dispose of its sleeping car servicing business within one year.

The court order was entered to enforce a decree issued last May requiring Pullman to break up the monopoly it held on the manufacture and servicing of railroad sleeping cars.

Today's order fell short of meeting government demands made Monday. At that time the government asked that Pullman be forced to sell its manufacturing business unless it produces a definite contract for sale of the sleeping car business.

The court, however, merely gave Pullman a year to contract for the sale of all the capital stock of the servicing unit, or the sale of its \$80,000,000 assets. It made no ruling as to what would be done if the company fails to comply within the set time.

Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich, who comprise the "expediting court," signed today's order. They did not act on the government's demand for a rule, on whether Pullman could abandon its servicing business if it found no buyers.

The court said Pullman's contract for sale of the servicing business would be subject to the court's approval. It also ruled that the company could not sell any sleeping cars without court sanction.

George A. Kelly, vice-president of the Pullman Co., commenting on the decision, said here yesterday:

"Provisions of the order entered by the court in Philadelphia give Pullman, Inc., broad freedom of action in its effort to dispose of its sleeping-car subsidiary.

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He urged the court to insert in its decree an alternative directive requiring Pullman to sell its manufacturing unit should attempts to sell the sleeping car business fail.

If the court waited a year to decide whether Pullman would operate or manufacture sleeping cars, he contended, independent manufacturers of cars would lose a year's planning and face further delays occasioned by possible appeals to the Supreme court.

### RULING HELD FAIR.

George A. Kelly, vice president of the Pullman company, said the provisions of the court order entered at Philadelphia yesterday gave Pullman, Inc., "broad freedom of action" in its effort to dispose of the sleeping car unit.

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## Wall Street Comment

### Capital Market

Only one new bond issue was formally offered in the local capital market this week, in the form of \$19,000,000 utility obligations, but underwriters also floated six preferred stock and three common stock issues. Demand for the new securities was generally good, and in some instances premiums prevailed in the counter market over the offering levels. Bonds will be more prominent next week, with \$80,000,000 Pacific Gas & Electric Co. obligations up for bidding Monday, two syndicates being prepared to compete. Kuhn, Loeb & Co. and associates expect to offer early in the week \$24,000,000 Wheeling Steel Corp. bonds. Port of New York Authority may receive up to five bids Wednesday on \$12,000,000 bonds. There will be little business in the latter part of the week, owing to financial closings on Good Friday.

### Pullman Plans

The court's decree at Philadelphia on Thursday allowing Pullman, Inc. to sell either its holding of Pullman Co. stock or the sleeping-car equipment itself to the railroads or to other persons was hailed by Pullman officials as giving the company broad freedom of action under the original decree of separation of manufacturing and operating properties. Pull-

### Most Active Stocks

Stock Exchange		
	Volume	Net Chgs.
Hudson Motors.....	18,100	18 1/2
Columbia Gas.....	9,200	4 1/2
Lacoste Gas wt.....	9,100	3 1/2
Int Tel & Tel.....	8,800	29 1/2
Sunshine Mining.....	7,400	1 1/2
Rady.....	6,800	1 1/2
East P & L.....	6,700	3
Fyrnouth Oil.....	6,500	2 1/2
Packard.....	6,100	4 1/2
Int Nickel.....	6,000	22 1/2
Aviation Corp.....	5,700	5 1/2
Smelter Oil.....	5,700	15 1/2
Bacon-Vacuum.....	5,600	18 1/2
Meyers.....	5,500	1 1/2
N Y Central.....	5,400	2 1/2
Volume, all stocks, 680,000 shares.		
Volume, 18 stocks, 100,000 shares.		
Ratio, 18 stocks, 16 1/2 per cent.		
Average price, 18 stocks, 14.82.		
Highs for year, 17; lows, 20.		
Issues listed, 10, 807.		
Advances, 46; declines, 243; unchanged, 217.		
Curb Exchange		
Equity Corp.....	17,200	1 1/2
Quintfed Cons Mgmt.....	15,500	—
Mining Co of Canada.....	15,400	4 1/2
East Shore & Shant.....	4,500	10 1/2
United Clear.....	3,400	3 1/2

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Stock Exchange	Volume	Close	Net
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Columbia Gas.....	2,200	4 1/2	+ 1/4
Laclede Gas.....	2,100	5 1/2	—
Int Tel & Tel.....	2,800	20 1/2	+ 1/2
Bunshine Mining.....	7,400	11 1/4	+ 1/8
Radio.....	4,500	11	—
Elec P & L.....	6,700	8	+ 1/8
Firmouth Oil.....	6,500	22	+ 1/2
Packard.....	6,100	6 1/2	+ 1/8
Tot Winstar.....	6,000	27 1/2	+ 1/2
Aviation Corp.....	5,700	5 1/2	+ 1/8
Steady Oil.....	5,700	18 1/2	+ 1/2
Bocony-Vanum.....	5,400	15 1/2	+ 1/4
Morgan.....	2,600	17	+ 1/4
N Y Central.....	5,400	23 1/2	+ 1/4
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United Clear.....	5,400	3 1/2	—

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## Pullman to Rush Breakup

BY HAL THOMPSON.

Separation of the sleeping car business from Pullman Inc., ordered by the federal court in Philadelphia will be carried out as promptly as can be accomplished with due regard for the public interest, David A. Crawford, president of the corporation, informed stockholders today in his annual report.

His remarks were given apparently in anticipation of the government's latest plea to the Philadelphia court on Monday that the firm be compelled to dispose of its car manufacturing unit if it failed to divest itself of its sleeping car concern within one year. Reviewing the efforts of the corporation to sell its sleeping car concern within one year.

Reviewing the efforts of the corporation to sell its sleeping car unit, President Crawford said that committees for each of the major railroad regions, were formed shortly after Aug. 30, 1944 to consider the position of the carriers in respect to sale of Pullman Company. He added:

"No official reports of these regional committees have as yet been made public but it is generally understood that these committees have separately reached the conclusion that the railroads should not be called upon to undertake the operation of sleeping car service during the continuance of the existing wartime conditions."

### PROFIT JUMPS.

The statement to shareholders also disclosed earnings for 1944 of \$12,880,006, the largest since 1930 and comparing with \$8,176,008 in the preceding year. The 1944 net was equal to \$3.99 a share as against \$2.52 a share earned in 1943.

Total gross income was \$352,156,723 as compared with \$415,713,933 in the previous year.

The increase in net over 1943, it was explained, was due principally to the return to 1944 carrier net earnings of \$2,743,910 from the deferred maintenance reserve originally set up in 1942 out of income.

Production of war goods by the manufacturing subsidiary, Pullman-Standard Car Manufacturing Company, totaled \$144,000,000 while net profit for this division was \$3,837,685 against \$3,580,343 in the previous year. Net income of the sleeping car unit for 1944 was \$8,078,352 as compared with \$4,320,467 in 1943.

Operational results of the M. W. Kellogg Company which was acquired in December, 1944, are not included in the consolidated income account of Pullman, Inc.

### TRAVEL DIFFICULTIES.

The report warned civilians they face "increasingly difficult travel conditions in 1945."

The company handled 28.3 billion miles of passenger travel in Pullman cars in 1944, which was more than double the volume moved in the peak traffic year of 1917 in World War I.

As for the transportation outlook, President Crawford declared "there is little question that railroads, private automobiles and trucks, highway common carriers, airlines and waterways all will have unparalleled opportunities to be of service after the war in assisting to raise the general living standards of the country to a new high point."

## Pullman Co. Sale Ordered by Court

Special to the World-Telegram.

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The decree permits Pullman, Inc., to sell its Pullman Co. stock either to the railroads or to any other persons, in whole or in part, and the Pullman Co. is allowed to sell its business, either in whole or in part, to purchasers other than railroads. The court reserves the right to modify the order any time within the year.

The Department of Justice had asked the court to order that Pullman be required to dispose of the car manufacturing business if it failed to produce a contract for the sale of the servicing business, and a ruling that Pullman could not retire from the sleeping car business without negotiating a sale.

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## Pullman Must Sell Sleeping Car Business Within One Year

### Court Orders Disposition of Either Stock or Physical Assets by March 22, 1946

From THE WALL STREET JOURNAL Phila. Bureau

PHILADELPHIA—A three-judge United States District Court entered an order here yesterday giving Pullman, Inc., until March 22, 1946, to contract for the sale of all the capital stock it owns in the Pullman Co., its sleeping car unit, or contract for the sale of the \$80 million worth of physical assets of this unit.

Entered to enforce the decree handed down May 8, 1944, by the court which ordered the Pullman, Inc. to divest itself either of the servicing business or Pullman-Standard Car Manufacturing Co., the manufacturing unit, the latest order fell short of the Government's demands made last Monday.

The Government had gone one step further and urged that Pullman, Inc. be ordered to sell its car manufacturing business if it fails within a year to dispose of its sleeping car business.

#### Withdrawal Called "Catastrophic"

Fowler Hamilton, special assistant attorney general, argued at that time that Pullman Inc. has no right to "retire" or "withdraw" from the sleeping car business and said such action would be "catastrophic" because there is no other company in the field.

The court order yesterday, signed by Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich, stipulates that any contracts made by Pullman Inc., are subject to approval by the court and that the Pullman Co. cannot sell any of its sleeping cars without the court's sanction.

The Government also sought earlier in the week to have the court direct Pullman Inc., to offer the physical assets or the capital stock to others besides the railroads, but the court limited its direction to Pullman, Inc. to the statement that it "may cause the Pullman Co. to offer to treat with the railroads or any other persons" for the sale of the business or stock.

Pullman Inc., under the latest order, is permitted to sell all the stock it owns in Pullman Co. either to the railroads or to any other persons in whole or in part; the Pullman Co. is allowed to sell its business either in whole or part to purchasers other than railroads. The court, however, reserves the right to modify the order at any time in the next year.

Following the decree last May, Pullman Inc. chose to keep Pullman-Standard Car Manufacturing Co. and to sell the car-operating company, offering the latter to the railroads last September. So far the railroads have failed to get together on purchase of the proposed Railway-Pullman Sleeping Car Co. Several weeks ago the Justice Department criticized the proposed sale as "unclear and ambiguous."

### *Pullman's Statement*

In a statement following issuance of the order, George A. Kelly, vice president of the Pullman Co., said:

"The provisions of the order entered by the court in Philadelphia today (Thursday) give Pullman Inc. broad freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Co., in compliance with the decree of the court of May 8, 1944.

"We regard this order as properly considerate of the public interest, of the interests of our employees and the interest of the 35,000 stockholders of Pullman Inc."

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Stock or Physical Assets by  
March 22, 1946

From THE WALL STREET JOURNAL Phila. Bureau  
PHILADELPHIA—A three-judge United States District Court entered an order here yesterday giving Pullman, Inc., until March 22, 1946, to contract for the sale of all the capital stock it owns in the Pullman Co., its sleeping car unit, or contract for the sale of the \$50 million worth of physical assets of this unit.

Entered to enforce the decree handed down May 8, 1944, by the court which ordered Pullman, Inc., to divest itself either of the servicing business or Pullman-Standard Car Manufacturing Co., the manufacturing unit, the latest order fell short of the Government's demands made last Monday.

The Government had gone one step further and urged that Pullman, Inc. be ordered to sell its car manufacturing business if it fails within a year to dispose of its sleeping car business.

### Withdrawal Called "Catastrophic"

Fowler Hamilton, special assistant attorney general, argued at that time that Pullman Inc., has no right to "retire" or "withdraw" from the sleeping car business and said such action would be "catastrophic" because there is no other company in the field.

The court order yesterday, signed by Judges John Biggs, Jr., Albert B. Maris and Herbert F. Goodrich, stipulates that any contracts made by Pullman Inc., are subject to approval by the court and that the Pullman Co. cannot sell any of its sleeping cars without the court's sanction.

The Government also sought earlier in the week to have the court direct Pullman Inc., to offer the physical assets or the capital stock to others besides the railroads, but the court limited its direction to Pullman, Inc., to the statement that it "may cause the Pullman Co. to offer to treat with the railroads or any other persons" for the sale of the business or stock.

Pulman Inc., under the latest order, is permitted to sell all the stock it owns in Pullman Co. either to the railroad or to any other persons in whole or in part; the Pullman Co. is allowed to sell its business either in whole or part to purchasers other than railroads. The court, however, reserves the right to modify the order at any time in the next year.

Following the decree last May, Pullman Inc., chose to keep Pullman-Standard Car Manufacturing Co. and to sell the car-operating company, offering the latter to the railroads last September. So far the railroads have failed to get together on purchase of the proposed Railway-Pullman Sleeping Car Co. Several weeks ago the Justice Department criticized the proposed sale as "unclear and ambiguous."

### Pullman's Statement

In a statement following issuance of the order, George A. Kelly, vice president of the Pullman Co., said:

"The provisions of the order entered by the court in Philadelphia today (Thursday) give Pullman Inc. broad freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Co., in compliance with the decree of the court of May 8, 1944.

"We regard this order as properly considerate of the public interest, of the interests of our employees and the interest of the 35,000 stockholders of Pullman Inc."



## COURT GIVES YEAR FOR PULLMAN SALE

U. S. Tribunal Sets a Deadline  
for Arranging Sale of Stock  
or Assets of Service Unit

### GOVERNMENT PLEA FAILS

Its Demand for Alternative  
Order to Dispose of Car  
Concern Is Ignored

Special to The New York Times.

PHILADELPHIA, March 22.—A special three-judge expediting United States District Court today gave Pullman, Inc., one year in which to contract for the sale of either the capital stock or the assets of its \$80,000,000 servicing business.

The order, signed by Circuit Judges John Biggs Jr., Herbert F. Goodrich and Albert B. Maris, implements the court's decree of last May 8 ordering the company to divorce its sleeping car manufacturing and servicing businesses. It did not specify what would be done if the company fails to produce a contract within the allotted time and also fell far short of the Government's demands that Pullman, Inc., be required to sell the car-manufacturing business if it does not produce contracts for the sale of the servicing unit, the Pullman Company, within a year.

Likewise, the court did not accede to the Government's demand for an immediate ruling that Pullman Company cannot simply go out of business, leaving the traveling public and the railroads without sleeping car service, and instead of specifically ordering as the Government requested, the Pullman Group to offer the business to any "responsible" purchaser or purchasers, the court simply stated that Pullman, Inc., "may cause the Pullman Company to offer to treat with the railroads or any other persons for the sale of the sleeping car business."

#### Court Retains Jurisdiction

The court retained jurisdiction and no sale can be made without its approval. Pullman, Inc., however, may sell the stock of the Pullman Company, which it owns, either entirely to railroads of the United States, or to any other "responsible party, either in whole or in part."

In its original ruling the court held the operation of both the manufacturing unit, Pullman-Standard Car Manufacturing Company, and the servicing unit, the Pullman Company, constituted a monopoly.

Today's decree came as an aftermath of a hearing on last Monday at which Fowler Hamilton, assistant Attorney General, opposed a plan offered by the Pullman group or compliance with the court's separation decree. Mr. Hamilton characterized the plan as simply a "gesture of compliance" because it merely proposed that railroads now using Pullman sleeping car service band together in a buying group to purchase the Pullman business. Mr. Hamilton maintained that a sale to the railroads of such a large business was very dubious.

#### Official Lauds Ruling

PHILADELPHIA, March 22 (AP).—In Chicago George A. Kelly, vice president of the Pullman Company, today termed "properly considerate" of all interests involved the order of the United States District Court here concerning separation of the Pullman manufacturing and servicing interests.

In a statement he said, "the provisions of the order entered by the court at Philadelphia today give Pullman, Inc., broad freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Company, in compliance with the decree of the court of May 8, 1944.

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The Government failed in its effort to have the court order the sale of the manufacturing business of Pullman, Inc., if that company did not dispose of its sleeping car business within a year.

The Government also had sought to have the sleeping car business offered to others than railroads, but the court limited its directive to a statement that the company could treat with the railroads or any other persons. The court reserved the right to modify its order at anytime within the next year.

George A. Kelly, vice-president of the Pullman Company, said of the decision that it gave Pullman, Inc., "broad freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Company, in compliance with the decree of the court of May 8, 1944."

N. Y. Herald Tribune  
March 23, 1945

## Court Gives Pullman, Inc., A Year to Sell Subsidiary

But No Action Is Specified if  
Parent Firm Can't Comply

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The United States District Court today granted Pullman, Inc., a year in which to arrange for the sale of capital stock it owns in the Pullman Co., servicing unit, or the disposal of the \$80,000,000 of physical assets of the sleeping car business. No ruling was made as to what would be done if the company fails to produce a sales contract within the year.

The court's order enforces its decree of May 8, 1944, which would divorce the sleeping car manufacturing business from the servicing unit of the company, but failed to require the company to sell its car manufacturing business if it cannot produce contracts for the sale of the servicing unit within a year. The court decreed two years ago that Pullman, Inc., and three subsidiaries were violating the Sherman anti-trust act through the joint manufacture and servicing of sleeping cars.

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## Pullman Gets Year to Sell Its Sleeper Firm

### Court's Order Falls Short of U. S. Plea For Speeding Split

A three-judge United States district court in Philadelphia entered an order yesterday in the government's antitrust suit against Pullman, Inc., which failed to meet recent motions of government counsel.

The latest decree gives Pullman, Inc. one year within which to contract for the sale of all of the capital stock it owns in The Pullman Company, the servicing unit, or to contract for the sale of the \$80,000,000 worth of physical assets of the sleeping car business.

The government had sought an order requiring Pullman to dispose of its car manufacturing business if it failed to produce a contract for sale of the servicing unit and a ruling that Pullman could not simply retire from the sleeping car business. Also, the government asked the court specifically to direct Pullman, Inc. to offer the physical assets or the capital stock to others besides railroads.

#### Court Limits Its Order

However, the court's order signed by Judges John Dix, Jr., Albert B. Norris and Herbert H. Goodrich, stipulated merely that any contracts made by Pullman, Inc., are subject to court approval and that The Pullman Company may not sell any of its sleeping cars without the court's sanction. Also, the court limited its direction to Pullman, Inc., to the statement that it "may cause the Pullman Company to offer to treat with the railroads or any other persons" for the sale of the business or stock.

The decree permits Pullman, Inc. to sell all of the stock it owns in the Pullman Company either to the railroads or to any other persons, either in whole or in part, and the Pullman Company is permitted to sell its business either in whole or in part to purchasers other than railroads.

The right to modify the order any time before the expiration of the year was reserved by the court.

In railroad circles the court order was viewed as causing little, if any, change in the status of the case. Some time ago a committee was appointed by the Association of American Railroads, with membership composed of representatives of east, ern, southeastern, and western lines, to study a plan which Pullman had filed in the court for sale of its facilities to a company to be formed by the roads.

#### Can Continue Negotiations

The plan was submitted by Pullman which had elected to dispose of its servicing unit in compliance with an earlier decree of the court requiring it to separate its car manufacturing and sleeping car businesses.

It was this plan which Fowler Hamilton, assistant to the attorney general, termed "a gesture at compliance" in the hearing last Monday when the government urged the court to order Pullman to dispose of its manufacturing business unless it produced a contract for sale of the sleeping car unit within a year.

Under yesterday's order, railroad quarters pointed out, Pullman can continue its negotiations to dispose of its sleeping car business and the railroads can continue their study of the Pullman plan or of possible counter-proposals for the future conduct of the sleeping car business, in the hope that some early solution will be found.

Although the roads are not parties to the suit, they have been permitted to intervene, and their representatives, as well as representatives of the Office of Defense Transportation, have urged upon the court the necessity for permitting no interruption of sleeping car services during wartime.

In an official statement last night, the Pullman Company expressed satisfaction with the action of the Philadelphia court. George A. Kelly, vice president, said:

"The provisions of the order entered by the court in Philadelphia today give Pullman, Inc., broad freedom of action in its effort to dispose of its sleeping car subsidiary, the Pullman Company, in compliance with the decree of the court of May 8, 1944.

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## Pullman Tells New Sleeping Car Sale Plan

Pullman, Inc., has proposed to sell to the railroads its entire holdings of capital stock of the Pullman company, sleeping car subsidiary, David A. Crawford, president, told stockholders yesterday in his second quarter report showing an improvement in earnings. The proposal is an alternative to the previously announced offer to sell the railroads the physical properties used in the sleeping car operations.

The proposal stems from an anti-trust decree by a federal court in Philadelphia May 8, 1944, in which Pullman, Inc., was ordered to divest its sleeping car and car building business. It elected to retain Pullman-Standard Car Manufacturing company.

### Stock Listed at 73 Million

The Pullman company annual report for 1944 listed 731,350 shares of \$100 par capital stock as outstanding—a total of \$73,135,000—nearly all held by Pullman, Inc. Listing assets totaling \$366,406,010, it placed the investment in sleeping car property at \$264,296,571.

Under the previous proposal to sell the physical properties the price was set at \$81,325,222. Heavyweight sleeping cars and other property were valued at \$42,168,551 and 609 lightweight sleeping and composite cars at \$39,156,671.

Crawford said the new proposal to sell capital stock holdings in Pullman company was made "on the same general basis of over-all valuation as set forth in our August, 1944, proposal."

### Negotiates with Others

He disclosed that negotiations were being "actively conducted with other interested groups as well as the railroads."

Crawford said Pullman, Inc., net income in the second quarter was \$3,149,605, equal to 98 cents a share, compared with \$2,762,773, or 86 cents a share, in the second quarter of 1944. Six months profit was \$5,583,353, or \$1.73 a share, compared with \$5,699,960, or \$1.76 a share, in the first half of last year. Figures do not include earnings of the recently acquired M. W. Kellogg company.

Gross revenues totaled \$160,971,339 in the six months, compared with \$165,579,974 a year earlier.

With two-thirds of the sleeping car fleet assigned to the military forces, transportation of troops will continue to result in large scale displacement of civilian travel, said Crawford.

## Pullman Offers Rails New Plan on Sleeping Car Unit

Pullman, Inc., has offered to sell all its stockholdings in the Pullman Co., its sleeping car subsidiary, to the American railroads as an alternate to the sale of the physical assets of the subsidiary, D. A. Crawford, president, revealed in the second quarter statement

to stockholders.

At the same time he disclosed that the company in an effort to comply with the federal court's separation decree is also negotiating with several non-railroad groups "that have been considering purchase of the Pullman sleeping car business."

Crawford disclosed net income of the company and subsidiaries for the six months ended June 30, exclusive of the M. W. Kellogg Co., was reported as \$5,583,353, equal to \$1.73 a share—compared with \$5,699,960, or \$1.76 a share, in the like period of 1944.

For the second quarter of 1944 net income of \$3,149,605, or 98 cents a share, was reported, against \$2,762,773, or 86 cents a share, in the corresponding 1944 months.

### More Cars to Move Troops.

Crawford advised stockholders that the government has recently ordered 893 more Pullman cars to be shifted from civilian to military use to speed the return of large numbers of American troops from Europe and for the redeployment of forces against Japan.

This will leave only about 2,800 cars, or a third of the Pullman fleet, in service on regularly scheduled trains, in which many of the available accommodations are also in use for military purposes. With two-thirds of the cars assigned to the armed forces, the transportation of troops will be the major portion of the company's sleeping car business and result in large scale displacement of civilian travel, he added.

### Advantages Seen in Plan.

The new proposal to sell the railroads the capital stock of the Pullman Co., in lieu of the offer made May 12 to sell them its physical assets, has many advantages for the railroads, Pullman Inc. officials said.

The average proposed selling price per car is lower as a result of another two years of depreciation, provision is made for special financing of heavyweight cars, and the purchase price would also be reduced through liquidation by the present owners of items not necessary for the continued operation of the service.



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# New Sleeper Unit Sale Plan By Pullman

## Offers to Sell All Subsidiary's Stock To Rails or Others

As a supplementary move in the projected disposal of its sleeping car operating business, Pullman Incorporated has offered to sell its entire holdings of Pullman Company stock to the railroads or other interests, David A. Crawford, president, told parent company stockholders yesterday.

Disclosure of the stock offering as an alternative to an earlier plan for the sale of physical properties was made in the second quarter statement reporting Pullman Inc. half-year net income of \$5,583,353 or \$1.73 a share on 3,229,897 shares of common stock exclusive of earnings of the recently acquired M. W. Kellogg Co. Net profit for the first half of 1944 was \$5,699,960 or \$1.76 a share.

"Negotiations," Mr. Crawford said, "are being actively conducted with the railroads and other interested groups for disposal of Pullman's interest in the sleeping car business." The United States district court at Philadelphia on March 22 this year entered a supplemental order giving Pullman Incorporated a year to comply with the separation decree of the court handed down May 8, 1944.

### Equipment Offered First

"In accordance with the alternative selling procedures permitted by the court's supplemental order," Mr. Crawford said, "there has been submitted to the railroads a proposal for their purchase of Pullman Incorporated's entire holding of capital stock of the Pullman Company on the same general basis of overall valuation that was set forth in our August, 1944, proposal to sell them the equipment and related physical properties employed in sleeping car operations."

(Pullman officials were not available yesterday for further comment on the stock-sale plan. As of Dec. 31 last, Pullman Company common stock of \$100 par value was outstanding in the amount of 731,350 shares, of which Pullman Incorporated owned 99.99 per cent. Earnings on that stock for 1944 were equal to \$14.51 a share and dividends of \$6 a share were paid.)

Negotiations are now under way, Mr. Crawford said, both with the railroads and several non-railroad groups that have been considering purchase of the Pullman sleeping car business.

### Operation Not Affected

"Effectuation of this sale in the way now proposed," stockholders were told, "need not cause any noticeable change in the conduct of the sleeping car business and should not occasion objection thereto on the part of the Office of Defense Transportation and the armed service authorities."

June quarter consolidated net income of Pullman Incorporated and subsidiaries, excluding the M. W. Kellogg Company, was \$3,149,605, or 88 cents a share, against \$2,762,773, or 86 cents a share, in the like 1944 period.

The plan submitted to railroad executives and members of the special Pullman committees of the railroad regional presidents' conferences was said by Pullman officials to offer substantial advantages to the carriers.

### Improvements Listed

As compared with the proposal advanced in August of last year the alternative plan was said to have these major improvements:

1. The average proposed selling price a car is lower, resulting from another two years of depreciation.
  2. Provision is made for special financing of heavyweight cars so that the railroad buying group will not assume an inflexible liability on this type of rolling stock.
  3. The purchase price also would be reduced through liquidation by the present owners of items not necessary for continued operation of the sleeping car service.
- Under the original plan for sale of physical assets the proposed price was \$81,326,222. For properties definitely to be included in the initial purchase transaction the upset price was \$42,168,551. This included 4,034 heavyweight standard-class sleeping cars and composite cars, 2,208 heavyweight cars of tourist-sleeper class as well as shops, laundries and inventories of materials and supplies.

### Additional Car Offer

In addition the company set a price of \$39,156,871 on 605 lightweight sleeping cars and four lightweight composite cars. They were contingently excluded from the original purchase plan because of uncertainty as to prior purchase by individual railroads.

Purchase of Pullman Company capital stock by the railroads is subject to Interstate Commerce Commission approval. It was pointed out, and a contract for sale of the stock would require approval by the federal court issuing the separation decree.

### INCOME ACCOUNT

6 mos. end June 30	1944
Gross income	\$181,745,831
Income taxes	128,698,688
Prov. for depr.	6,421,708
Taxes on inc.	12,744,183
	\$136,531,352

Net income ..... \$ 5,583,353  
 CONSOLIDATED BALANCE SHEET

As of June 30	1944
Cash and equiv. acc.	\$ 75,083,873
Treasury notes	17,350,000
Tax refund bonds	1,664,201
Claim on ex pr. tax.	3,262,475
Other securities	61,923
Receivables	48,811,948
Acc. receivables	5,238,289
Inventories	36,417,633
	\$ 208,362,097

Total cur assets	\$186,096,431	\$201,532,358
Cash on deposit for contracts	1,827,503	1,893,447
Unreimbursed costs	1,673,264	2,676,916
Net in M. W. Kellogg Co.	18,290,941	.....
Other investments	549,566	345,289
Funded reserves	1,872,998	6,371,258
Equipment & prop.	77,230,651	91,243,476
Deferred charges	799,687	674,384
Other assets	358,095	325,614
Total assets	\$206,790,657	\$206,573,448

Accounts payable & liabilities	
Accrued int. taxes	\$3,362,116
Accrued oth. taxes	4,517,111
Accrued oth. taxes	4,683,594

For current liab.	\$ 71,500,917	\$ 88,270,856
Advances on contracts	3,531,166	4,879,354
Reserves	20,714,832	22,234,964
Deferred credits	11,934,073	10,624,803
Pullman Inc cap stk	129,185,890	129,185,690
The Pullman Company cap stk.	1,441	4,467
Surplus	\$2,461,722	\$5,362,982
Total liabilities	\$286,709,657	\$303,473,446

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# New Sleeper Unit Sale Plan By Pullman

## Offers to Sell All Subsidiary's Stock To Rails or Others

As a supplementary move in the projected disposal of its sleeping car operating business, Pullman Incorporated has offered to sell its entire holdings of Pullman Company stock to the railroads or other interests, David A. Crawford, president, told parent company stockholders yesterday.

Disclosure of the stock offering as an alternative to an earlier plan for the sale of physical properties was made in the second quarter statement reporting Pullman Inc. half-year net income of \$5,583,353 or \$1.73 a share on 3,229,897 shares of common stock exclusive of earnings of the recently acquired M. W. Kellogg Co. Net profit for the first half of 1944 was \$5,699,960 or \$1.76 a share.

"Negotiations," Mr. Crawford said, "are being actively conducted with the railroads and other interested groups for disposal of Pullman's interest in the sleeping car business." The United States district court at Philadelphia on March 22 this year entered a supplemental order giving Pullman Incorporated a year to comply with the separation decree of the court handed down May 8, 1944.

### Equipment Offered First

"In accordance with the alternative selling procedures permitted by the court's supplemental order," Mr. Crawford said, "there has been submitted to the railroads a proposal for their purchase of Pullman Incorporated's entire holding of capital stock of the Pullman Company on the same general basis of overall valuation that was set forth in our August, 1944, proposal to sell them the equipment and related physical properties employed in sleeping car operations."

(Pullman officials were not available yesterday for further comment on the stock-sale plan. As of Dec. 31 last, Pullman Company common stock of \$100-par value was outstanding in the amount of 731,350 shares, of which Pullman Incorporated owned 99.99 per cent. Earnings on that stock for 1944 were equal to \$14.51 a share and dividends of \$6 a share were paid.)

Negotiations are now under way, Mr. Crawford said, both with the railroads and several non-railroad groups that have been considering purchase of the Pullman sleeping car business.

### Operation Not Affected

"Effectuation of this sale in the way now proposed," stockholders were told, "need not cause any noticeable change in the conduct of the sleeping car business and should not occasion objection thereto on the part of the Office of Defense Transportation and the armed services authorities."

June quarter consolidated net income of Pullman Incorporated and subsidiaries, excluding the M. W. Kellogg Company, was \$3,149,603, or 98 cents a share, against \$2,762,773, or 86 cents a share, in the like 1944 period.

The plan submitted to railroad executives and members of the special Pullman committees of the railroad regional presidents' conferences was said by Pullman officials to offer substantial advantages to the carriers.

### Improvements Listed

As compared with the proposal advanced in August of last year the alternative plan was said to have these major improvements:

1. The average proposed selling price a car is lower, resulting from another two years of depreciation.
2. Provision is made for special financing of heavyweight cars so that the railroad buying group will not assume an inflexible liability on this type of rolling stock.
3. The purchase price also would be reduced through liquidation by the present owners of items not necessary for continued operation of the sleeping car service.

Under the original plan for sale of physical assets the proposed price was \$81,235,224. For properties definitely to be included in the initial purchase transaction the upset price was \$42,168,551. This included 4,034 heavyweight standard-class sleeping cars and composite cars, 2,208 heavyweight cars of tourist sleeper class as well as shops, laundries and inventories of materials and supplies.

### Additional Car Offer

In addition the company set a price of \$39,156,871 on 603 lightweight sleeping cars and four lightweight composite cars. They were contingently excluded from the original purchase plan because of uncertainty as to prior purchase by individual railroads.

Purchase of Pullman Company capital stock by the railroads is subject to Interstate Commerce Commission approval, it was pointed out, and a contract for sale of the stock would require approval by the federal court issuing the separation decree.

### INCOME ACCOUNT

6 mos. end June 30, 1945	1944
Gross income	\$152,746,831
Expenses	128,869,586
Prov. for dep.	6,421,788
Taxes on inc.	12,744,163
	\$14,529,521

### Net Income \$ 3,581,350 or 569.89¢ CONSOLIDATED BALANCE SHEET

As of June 30, 1945	1944
Cash and eqvt. sec.	\$ 758,357
Treasury notes	17,530,000
U.S. refund bonds	2,664,291
Claim on exp. perf. tax	3,862,475
Other securities	484,202
Receivables	46,811,948
Acc. accounts	2,528,229
Inventories	30,417,623
	\$ 104,617,085

Total cur assets	\$168,096,421	\$201,532,258
Cash on deposit for contracts	1,827,803	1,863,447
Unreimbursed costs	1,673,264	2,970,916
Int. in M. W. Kellogg Co.	19,200,641	.....
Other investments	249,866	338,280
Funded reserves	1,872,080	8,271,258
Equipment & prop.	77,329,651	91,243,874
Deferred charges	729,087	874,384
Other assets	338,025	322,014
<b>Total assets</b>	<b>\$228,799,857</b>	<b>\$300,574,445</b>

Accounts payable & liabilities	\$ 24,731,689	\$ 4,382,111
Accrued int. taxes	32,302,110	36,213,431
Accrued oth. taxes	6,271,111	4,680,094

Tot. current liab.	\$ 71,306,617	\$ 88,270,635
Advance on contracts	3,211,108	4,470,254
Reserves	50,774,052	22,224,864
Deferred charges	11,394,075	19,058,832
Pullman line cap. stk.	129,165,089	129,195,650
The Pullman Co.	.....	.....
Partly cap. stk.	1,441	4,441
Surplus	\$3,601,722	\$6,373,448
<b>Total liabilities</b>	<b>\$204,709,487</b>	<b>\$204,574,445</b>

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# Pullman Inc. Plans Sale of Stock Of Pullman Co.

## Negotiating With Rails, Other Groups on Disposal of Sleeping Car Unit

### Replaces Earlier Proposal

From THE WALL STREET JOURNAL Chicago Bureau  
**CHICAGO**—Railroad executives and other interested parties are studying a proposal of Pullman Inc., to sell the capital stock of Pullman Co.

In his mid-year letter to stockholders, David A. Crawford, company president, revealed that on May 12, a plan to sell to the railroads 99.99% of the 731,350 shares of \$100 par capital stock of Pullman Co. held by Pullman Inc., had been sent to railroad executives and members of the special Pullman committee of the Railroad Regional Presidents' conference. He also disclosed that negotiations "are being actively conducted with the railroads and other interested groups."

#### Replaces First Plan

Such a transaction would take the place of an earlier proposal to sell the physical assets of the sleeping car business for approximately \$81 million to the Railway-Pullman Sleeping Car Corp., a company to be taken over and operated by the various railroads on a pro rata basis. One of these two proposals must be consummated by March 22, 1946, in order to comply with the Federal Court order of May 8, 1944, directing Pullman Inc., to divest itself of either its sleeping car business or its railway car manufacturing subsidiary.

It is pointed out that the railroads would benefit from sale of the capital stock instead of the alternate plan in the following ways:

1. Average proposed selling price per car is lower, resulting from another two years of depreciation since the original offer.
2. Provision is made for special financing of heavyweight cars so that the railroads will not assume an inflexible liability on this type of rolling stock.
3. The purchase price would also be reduced through liquidation by the present owners of items not necessary for continued operation of the sleeping car service.

I.C.C. Approval Necessary  
 Any proposed purchase of the Pullman Co.'s capital stock by the railroads will be subject to approval by the Interstate Commerce Commission. Any contract by Pullman Inc. for the sale of its holdings of Pullman Co. is subject to approval by the Federal Court, Mr. Crawford stated.

Pullman Incorporated and subsidiaries (excluding M. W. Kellogg Co.) report for six months ended June 30, subject to renegotiation:

	1945	1944
Earned per share	\$1.73	\$1.76
Gross income from all sources	160,971,339	168,575,074
Payments to R.R.'s	7,222,408	13,942,212
Expenses	129,928,648	128,065,438
Depreciation	8,431,706	6,502,635
*Federal tax provision, net	11,535,005	13,331,943
*Res. post-war adj.	1,088,489	1,197,568
Net income	3,253,252	5,899,960
Dividends	3,228,945	3,231,789
Surplus	2,553,408	2,466,191

	1945	1944
Earned per share	\$2.88	\$2.86
Net income	3,148,605	2,762,773
*After deducting \$1,088,489 post-war refund for 1945 and \$1,197,568 in 1944.		
*Represents post-war excess profits tax refund.		

Balance sheet items follow:

	June 30, '45	June 30, '44
Total assets	\$288,769,857	\$303,373,448
Cash & U. S. Gov. secur.	13,058,567	55,751,546
U. S. Treas. tax notes	17,350,000	19,942,000
Other mark. sec. at cost	494,303	379,072
Inventories	36,417,835	33,063,067
Current assets	189,098,421	201,512,258
Current liabilities	73,509,017	58,270,858
Reserves	20,774,032	22,224,844
Surplus	82,401,722	90,382,383
Number capital shares	3,229,897	3,229,897

\*Adjusted. \*Excludes U. S. Government excess profits tax refund bonds of \$1,088,489 in each year and claim for post-war refund on excess profits taxes of \$3,802,475 in 1945 and \$2,372,862 in 1944.

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1. Average proposed selling price per car is lower, resulting from another two years of depreciation since the original offer.
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	1945	1944
Earned per share	\$1.73	\$1.94
Gross income from all sources	160,971,320	166,576,974
Payments to R. R.'s	7,222,408	13,042,212
Expenses	128,980,488	123,705,426
Depreciation	6,411,166	6,502,835
*Federal tax provision, net	11,653,405	13,331,943
*Res. post-war adj.	1,088,480	1,197,588
Net income	5,553,753	5,609,960
Dividends	3,220,945	3,231,769
Surplus	2,332,808	2,468,191

	1945	1944
Earned per share	\$3.98	\$3.86
Net income	3,149,605	2,762,773
*After deducting \$1,058,480 post-war refund for 1945 and \$1,197,588 in 1944		
†Represents post-war excess profits tax refund.†Revised.		

Balance sheet items follow:

	June 30, '45	*June 30, '44
Total assets	\$28,750,857	\$303,373,448
†Cash & U. S. Govt. secur.	73,058,267	68,763,546
U. S. Treas. tax notes	17,350,000	19,842,000
Other mark. sec. at cost	494,303	579,072
Inventories	36,417,635	33,085,067
Current assets	136,068,421	201,332,238
Current liabilities	71,500,917	88,270,858
Reserves	20,774,632	22,224,844
Surplus	52,403,722	50,282,463
Number capital shares	3,220,987	3,220,987

\*Adjusted. †Excludes U. S. Government excess profits tax refund basis of \$1,664,201 in each year and \$100 in post-war refund on excess profits taxes of \$3,862,475 in 1945 and \$2,372,842 in 1944.

LMV  
For posterity  
Gale

Herald American

Daily News

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Pullman, Inc., proposed today to sell to the nation's railroads or "other interested groups" its entire holding of capital stock in its sleeping car operating subsidiary, the Pullman Co.

David A. Crawford, president of Pullman, Inc., announced the plan in the parent company's second quarterly report. It is an alternative to the proposal of August, 1944, in which Pullman, Inc. offered to sell the cars and other physical assets of the sleeping car business to the railroads for about \$42,000,000.

BOTH propositions stem from a 1943 decision by a special three-judge Federal Court in Philadelphia holding, in government anti-trust litigation, that the Pullman group constituted a monopoly. On May 8, 1944, the court decided Pullman, Inc., must dispose of either its sleeping car operating business or its railroad car manufacturing business.

A year ago Pullman elected to step out of the sleeping car operating business, proposing to sell the physical properties to a corporation to be organized by the railroads using Pullman sleeping car service.

THE GOVERNMENT anti-trust lawyers objected, terming the offer "simply a gesture of compliance." However, after further hearings the court last March 22 directed Pullman, Inc. to sell either the capital stock of the physical assets of the Pullman Co., within a year from that date, holding that it could "deal with the railroads or any other persons" for such sale.

Crawford disclosed the new capital stock sale plan was submitted to railroad executives in a letter May 12. He also disclosed that negotiations "are being actively conducted with the railroads and other interested groups."

A MEMORANDUM accompanying the report said advantages of the new plan included these: The average proposed selling price per car is lower, resulting from another two years' depreciation; provision was made for special financing of heavyweight cars so the railroad buying group would not assume an "inflexible liability" on this type of rolling stock; the purchase price also would be reduced through liquidation of items not necessary for continued operation of the sleeping car service.

Any such transaction, it was explained, would require approval by the Interstate Commerce Commission and the Philadelphia Federal Court.

THE PULLMAN, Inc., quarterly report listed net income of \$3,149,805 or 98 cents a share for the quarter ended June 30, compared with \$2,762,773 or 86 cents a share for the corresponding quarter last year, and \$5,583,353 or \$1.73 a share on 3,229,897 shares of common stock for the six months ended June 30, compared with \$5,699,960 or \$1.76 a share last year.

A dividend of 50 cents a share was declared on the capital stock, payable Sept. 15 to stockholders of record Aug. 24. This made a total of \$1.50 a share declared so far this year, the same as in 1944.

Herald American

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## Changing Pullman <sup>8/20</sup>

Pullman Inc. wants to sell its sleeping-car company. It would be glad if the railroads would buy either the corporation or the Pullman cars, but other "interested parties" will do.

A Pullman company without any Pullmans would seem to many of us as grotesque as a railroad without any locomotives. To old-timers of Chicago our American railroad system without a Pullman company running sleepers is almost unthinkable.

But it's a changing world. When George Pullman invented his sleeping car he made the "palace car" a nationwide symbol of Chicago's business might, no less than an Armour ham or a Swift steak.

But the money in the business has long been in building cars, rather than operating them. Pullman emerges from the war a mighty munitions concern also.

Meanwhile a Federal Court decreed that the sleeping-car business must be separated from the car-building business to conform to the Sherman anti-trust law.

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But it's a changing world. When George Pullman invented his sleeping car he made the "palace car" a nationwide symbol of Chicago's business might, no less than an Armour ham or a Swift steak.

But the money in the business has long been in building cars, rather than operating them. Pullman emerges from the war a mighty munitions concern also.

Meanwhile a Federal Court decreed that the sleeping-car business must be separated from the car-building business to conform to the Sherman anti-trust law.

The railroads appear to face a similar problem to that of taking over the job of the old express companies after parcel post had taken the cream off that business.

Maybe the problem is an opportunity. Perhaps the railroads can popularize the sleeping car as they have the streamliners and fast day-coach trains like the Challengers and the Pathfinders.

They can buy all the sleepers on the rails for about forty-two million dollars. What if many of the cars are old and heavy? That merely poses a question of salesmanship and smart ratemaking. People do like to sleep, occasionally, and are willing to pay what the privilege is worth.

Aug. 21, 1945

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At the same time, it was disclosed in railroad circles the Pullman Company has served notice of its intention to cancel existing service contracts with the carriers as of Dec. 31.

While the plan to be submitted probably will include some modification of the methods by which the stock sale can be effected, it will be on the same general basis of overall valuation set forth in Pullman's earlier proposal to sell equipment and related physical properties employed in sleeping car operations.

Disposal of Pullman's service unit by March 22, 1946, was ordered this Spring by the federal court in Philadelphia to carry out an earlier decree ordering separation of Pullman's car manufacturing and car service units.

### Carriers Still Disagree

Carrier committees are reported still divided in their opinions as to the best method for the future operation of sleeping car services. Some railroads favor individual operation with working agreements with other carriers to provide needed additional cars when such excess is not required in seasonal operations.

(One large user of Pullman equipment, the Pennsylvania Railroad, some time ago announced its intention of operating its own sleeping car services). Other roads favor an arrangement, through a holding company or otherwise, which would permit a continuation of existing centralized operation of a national pool of cars.

Railroad officials would not hazard a guess as to what the cancellation of Pullman services would mean to railroad operations. It was recalled, too, that at the last court hearing the court declined at that time to rule on the question of whether the Pullman Company, as a common carrier, could go out of business.

There is the further question of whether government agencies, such as the Office of Defense Transportation and the War Department, would permit any interruption of transportation services as long as facilities are required for the movement of service men.

### Car Prices Obstacle

One real stumbling block to an agreement between Pullman and the carriers is the price of heavyweight standard sleeping cars, and to some extent also of materials and facilities. In its original proposal to sell equipment and facilities, Pullman placed a value of \$24,389,610 on 4,034 standard class sleeping cars and composite cars (\$6,038 a car). For 2,208 fully depreciated heavyweight tourist sleepers the company showed a value of \$4,416,000 (\$2,000 scrap value for each car). Shops and laundries were placed at \$5,365,221, and materials and supplies at \$12,442,520. Excluding the fully depreciated tourist cars, the net price was \$42,168,551.

Excluded from this offer were 606 lightweight sleeping cars and four lightweight composite cars valued at \$39,156,671 and on which it was thought that individual carriers would exercise their option to purchase.

In its latest proposal, contemplating a takeover by the carriers Dec. 31 of this year, and giving effect to further depreciation, Pullman places the following valuations: 4,020 heavyweight cars, \$15,812,352 (\$4,999 a car); 2,208 fully depreciated tourist cars, \$4,418,000 (\$2,000 a car scrap value); shops, laundries, materials and supplies, including net working capital of \$2,500,000 to be added, \$19,776,387; total, \$40,006,739.

Adding \$34,948,170 for the lightweight equipment—which it is still expected will be purchased by individual roads—Pullman arrives at a total asking price for its stock of \$74,954,909.

Excluding the lightweight cars, which appear certain to be purchased by individual roads, bargaining seems to center around the valuation for the heavyweight cars and the extent of the necessity for the railroads, especially those which favor individual or regional operations, to take over miscellaneous properties such as shops and laundries.

Some railroad officials are known to have taken the position that a portion of the heavyweight cars have also been fully depreciated, and the depreciation charges included in the revenues paid the Pullman Company.

Pullman, Inc. officials have stated that "nonrailroad groups" are exhibiting an interest in the purchase of Pullman stock. Last week Robert R. Young, chairman of Allegheny Corporation, was rumored to be investigating the possibilities of such a transaction.

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Excluded from this offer were 605 lightweight sleeping cars and four lightweight composite cars valued at \$39,196,671 and on which it was thought that individual carriers would exercise their option to purchase.

In its latest proposal, contemplating a takeover by the carriers Dec. 31 of this year, and giving effect to further depreciation, Pullman places the following valuations: 4,030 heavyweight cars, \$15,812,352 (\$4,999 a car); 2,209 fully depreciated tourist cars, \$4,418,000 (\$2,000 a car scrap value); shops, laundries, materials and supplies, including net working capital of \$2,500,000 to be added, \$19,776,387; total, \$40,006,739.

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For inspection

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# Otis, Young Bid for Pullman Co.

Otis & Co., Cleveland investment firm, today made an offer in the United States District Court in Philadelphia to purchase the sleeping car business of Pullman, Inc., "at substantially the same price and upon the same terms as tendered to Pullman by the railroads as a group" on May 12 of this year.

The offer was made on behalf of a syndicate which includes in addition to Otis & Co., Robert R. Young and Allen P. Kirby, financiers who head the railroad group comprising the Chesapeake & Ohio, Pere Marquette, Nickel Plate and Wheeling & Lake Erie, plus the holding company, the Allegheny Corporation.

The offering price was placed at \$75,000,000 and the petition said that new equipment would have to be purchased involving a cost of "more than \$500,000,000."

Pullman, Inc. is under court order to separate the ownership of its sleeping car manufacturing business and has indicated its intention of divesting itself of the former.

David A. Crawford, president of Pullman Inc., declined to comment on the Otis-Young move, stating that negotiations were underway with a half dozen prospective buyers of the sleeping car division.

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*Mr Crawford*  
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*on floor was here*  
*and left for New York*  
*that you discussed*  
*bring more - 8/29*

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# Otis Co., Young Offer To Buy Pullman Cars

## To Meet Terms Proposed for Purchase by Railroads

BY HERMAN GASTRELL SEELY

The period of indecision over the offer of Pullman, Inc. to sell its sleeping car facilities in compliance with the 1943 federal court order ended abruptly today.

In the same district court at Philadelphia which entered the original anti-trust order, Otis & Co. offered formally to purchase the facilities at substantially the same price and terms as tendered by Pullman, Inc. to the railroads in May last year.

In Chicago, David A. Crawford, Pullman's president, said the Otis group was one of several known to be looking into the situation. Asked whether the offer would be accepted, he said:

"It isn't a question of who we want to sell to. We've got to sell. If the railroads are not interested, we'll sell to somebody else."

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**ASSOCIATED** with Otis & Co., according to the motion filed with the court, are Robert R. Young, Allan F. Kirby and their associates. Young is chairman of the board and Kirby, president of Alleghany Corp.

Alleghany Corp. controls the Chesapeake & Ohio Railroad and has substantial holdings of stocks and bonds in other railroads.

The Otis & Co. offer did not get forth the exact terms of the Pullman offer to the railroads, but said it was willing to meet them and urged speedy action by the court to permit speedy reconversion of the Pullman services.

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**THE PRICE** of the tangible sleeping car properties proposed by Pullman, Inc., to the railroad was \$81,325,000.

This, in turn, was broken down into properties to be included in the initial purchase transaction on which a purchase price of \$42,168,551 was set, and into a separate group of newer sleeping cars.

On this group of 805 lightweight sleeping cars and four lightweight composite cars "contingently excluded from the initial purchase transaction," Pullman placed a price of \$39,156,871.

**REASON** for excluding this latter group was the "uncertainty as to prior purchase by individual railroads" over which the cars are currently operating.

It was also stated at the time that Pullman, Inc. would probably be willing to advance 75 per cent of the purchase price of the heavy weight standard equipment, secured by equipment trust certificates.

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**IN ITS PETITION**, Otis said that the Young-Kirby group revitalized the Alleghany system of railroads and the Nickel Plate line and will furnish a modern, unified sleeping car service to the railroads in strict conformity with the anti-trust order.

The petition also asserted that the railroads need sleeper facilities urgently, and that Pullman's 6,250 cars will have to be replaced by modern, lightweight equipment at a cost in excess of \$500,000,000.

• • •  
**NO IMMEDIATE** action was taken by the court on the petition. However, it was intimated that the petition to intervene might be granted, thereby clearing the way for a specific statement of the terms of the purchase and a subsequent open hearing.

The Otis petition and offer were filed by Thurman Arnold, former head of the Department of Justice anti-trust division, Arne C. Wiprud of Washington, and Lemuel D. Schofield of Philadelphia.



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## Otis-Young-Kirby Group Asks to Buy Pullman Cars

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The concern, which said it would be associated with the Robert Young-Allen P. Kirby group, said it was willing to pay the same price on the same terms that Pullman offered to sell its servicing business to the nation's railroads last March.

At that time, Pullman had listed its sleeping car service for sale at \$30,000,000 in cash and \$51,000,000 in equipment trust certificates. Later Pullman reduced its price to under \$75,000,000.

### Willing to Pay \$75 Million.

Cyrus Eaton, a member of Otis & Co., said Otis was willing to pay \$75,000,000 for the sleeping car service but made no disclosure on how the purchase would be financed.

Young, a resident of Cleveland, together with Kirby, of Morristown, N.J., and other associates have since 1937 managed and directed the Allegheny System of railroads, consisting of the Chesapeake & Ohio, the New York, Chicago & St. Louis and the Pere Marquette.

Otis & Co. filed a petition to intervene in the U.S. government's anti-trust case against Pullman and three of its subsidiaries so that it could submit the offer.

### Sees Plan as Job Booster.

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Daley held out the plan as a postwar employment booster, asserting that it would "create jobs now, not only in car manufacture but in the metallurgical and supply industries."

### Valuations Detailed.

The offer placed a value of \$3,000,000 on the Pullman shop and laundry, \$15,000,000 for working capital and supplies, \$20,000,000 for obsolete cars, \$35,000,000 for new lightweight cars. The latter category included approximately 600 of the 6,250 Pullman cars now in service.

The group also envisaged organization of a nation-wide network of agencies and promotional advertising to increase rail travel in direct answer to the challenge of air travel.

Young said the new company planned to "use the automobile manufacturers' imagination and new style" and would replace cars every six or seven years.

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Chicago Sun  
Aug. 28, 1945

## Otis-Young-Kirby Group Asks to Buy Pullman Cars

PHILADELPHIA, Aug. 27.—(UP)—Otis & Co., Cleveland investment firm, filed a petition in U.S. District Court today seeking permission to submit an offer for buying the sleeping car service of Pullman, Inc.

The concern, which said it would be associated with the Robert Young-Allen P. Kirby group, said it was willing to pay the same price on the same terms that Pullman offered to sell its servicing business to the nation's railroads last March.

At that time, Pullman had listed its sleeping car service for sale at \$30,000,000 in cash and \$51,000,000 in equipment trust certificates. Later Pullman reduced its price to under \$75,000,000.

### Willing to Pay \$75 Million.

Cyrus Eaton, a member of Otis & Co., said Otis was willing to pay \$75,000,000 for the sleeping car service but made no disclosure on how the purchase would be financed.

Young, a resident of Cleveland, together with Kirby, of Morristown, N.J., and other associates have since 1937 managed and directed the Allegheny System of railroads, consisting of the Chesapeake & Ohio, the New York, Chicago & St. Louis and the Pere Marquette.

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In a letter to Attorney General Tom C. Clark outlining the Otis plan, William R. Daley, president, said the proposal eventually would result in \$300,000,000 orders for new sleeping and observation car facilities to replace "the present obsolete fleet" of about 6,250 heavyweight Pullman cars.

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# OTIS PROPOSES ACQUISITION OF PULLMAN UNIT

## Acts in Conjunction with Alleghany

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Clark made public a letter from William R. Daley, Otis president, outlining the plan for the purchase by his firm, Robert R. Young, Allan P. Kirby, and other business men. The group promised to spend about 500 million dollars over a period of years in modernizing the sleeping car service.

Young is chairman and Kirby is president of Alleghany corporation, holder of the controlling interest in Chesapeake and Ohio railroad and other subsidiaries.

### Promises Thoro Study

George A. Kelly, vice president of Pullman company, said in Chicago that he expected the offer "to receive thoro consideration by the court and by Pullman management." He confirmed reports that Otis representatives previously had consulted with Pullman officials.

"In its proposal this business group commits itself to a vast expansion of the railway sleeping car service," Daley said. "The present obsolete fleet will be replaced with the most modern fleet of sleeping cars and observation cars that competitive engineering brains and manufacturing facilities can produce."

"Most of the present day Pullman cars look more like cattle cars," Young said. "They have Christmas tree lights, filthy carpets, and serv-

ice which is an actual insult to the passengers. Particularly in transcontinental travel the present service is atrocious. Almost every one has to get off at some isolated point and wait around for hours for connections."

### Warns of Air Line Competition

He said if service were not improved, the railroads would not "stand a chance" to compete with air service. If the Otis offer were accepted, it would be three years before service "would begin to approach normalcy," he asserted.

In its petition to the Philadelphia court Otis asked permission to intervene in the government's anti-trust suit against Pullman, Inc., and authority to purchase Pullman's sleeping car service.

Pullman was ordered by the court on May 8, 1944, to dispose of either its car manufacturing or its car service business. It elected to retain the manufacturing facilities and was given a year from last March 22 to dispose of the service. Shortly thereafter Pullman made an offer to sell it to the railroads of the country.

Otis in its motion said it would meet Pullman's figure, reported at the time of the offer to be 75 million dollars. It requested the court for immediate action, asserting a total of 6,250 heavyweight sleeping coaches would have to be replaced by streamlined cars.

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## Otis Group Seeks To Buy Pullman's Sleeping Car Unit

Files Offer Substantially Ac-  
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### R. R. Young Among Bidders

From THE WALL STREET JOURNAL PHILA. Bureau

PHILADELPHIA—Otis & Co. of Cleveland has made an offer in the United States District Court to purchase the sleeping car facilities of Pullman Inc. at substantially the same price and upon the same terms as the offer tendered by Pullman Inc. to the railroads as a group on May 12, 1945.

At that time, Pullman listed its sleeping car business for sale at \$30 million in cash, plus \$51 million in equipment trust certificates.

The Otis offer yesterday was made in printed motion to the court by Otis & Co. for leave to intervene in the Government's anti-trust suit against Pullman Inc. and three subsidiaries. Otis & Co. stated that Robert R. Young, Allan P. K. Kirby and their associates will be associated with Otis in the project. The petition asks the court for quick approval of the transaction because of the necessity for a quick reconversion because of the end of the war the stiff competition from air and bus lines.

Otis stated in its petition that the Young and Kirby group, which it says revitalized the Allegheny system of railroads and the Nickel Plate Line, will furnish a modern unified sleeping cars service to the railroads of the country. Operations, the company said, would be in strict conformity with the original decision handed down by District Court here ordering the Pullman Company to dispose either of its sleeping car service or its car manufacturing unit.

Pullman Inc. elected to keep the car manufacturing business and to dispose of the servicing branch and the court on March 22, 1945, gave the company one year in which to divest itself of the business either by the sale of the physical properties or the capital stock of the Pullman Co., which operated that branch of the business.

The Otis petition and offer were filed by Thuman Arnold, former head of the anti-trust division of the Department of Justice, Arne C. Wiprud, both of Washington, and Lemuel D. Schofield of Philadelphia.

The petition says the railroads served by the company are in pressing need of sleeper facilities but that Pullman's 6,250 cars are obsolete and will have to be replaced with modern lightweight equipment which will cost more than \$500 million. If an independ-

ently owned sleeping car service is to replace Pullman's, the plans for its formation and the operation of a new program of operation must be put into effect speedily to meet the stiff competition of airlines and bus companies, the petition stated.

The court took no immediate action on the petition. It may grant Otis's motion to intervene and may permit it to file an offer containing specific terms for the purchase or may order an open hearing to be held.

The petition says that Otis & Co. and the Young-Kirby group are well qualified to carry out their offer to purchase and to operate a sleeping car service satisfactory to the railroads, the public and in line with the Court's injunction that there shall not be any renewal of the monopoly once held by Pullman Inc.

In a letter to stockholders earlier this month, David A. Crawford, president of Pullman Inc., disclosed that on May 12 a plan to sell the railroads 99.99% of the 731,350 shares of \$100 par capital stock of Pullman Co. had been sent to the railroads. Mr. Crawford said at the same time that negotiations for the sale of the sleeping car business were being carried on with "other interested groups."

An earlier proposal by Pullman Inc. was that it sell the physical properties of the sleeping car business to the proposed Railway-Pullman Sleeping Car Corp., a company to be taken over and operated by the various railroads on a pro rata basis.

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Young-Kirby Interests  
Assisted in Offer  
For Sleeper Service

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At that time, Pullman had listed its sleeping car service for sale at \$30,000,000 in cash and \$1,000,000 in equipment trust certificates.

Later, Pullman reduced its sale price to less than \$75,000,000.

At a press conference here, Cyrus Eaton, a member of the Otis Co., said Otis was willing to pay \$75,000,-

### No Comment Here

In Chicago, George Kelly, vice president of the Pullman Company, said the company was not in a position to comment at this time other than to say that "the court and Pullman would give the matter such consideration as it requires." Mr. Kelly said David A. Crawford, Pullman president, who is en route to the East, had declined to comment for publication.

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aries so that it could submit the offer.

The Pullman Co. was ordered last March by a special court of three judges of the United States third circuit court to sell or contract for sale either its car manufacturing business or the servicing business. Pullman elected to discontinue with the sleeping car service after maintaining a monopoly for 40 years.

The Otis' petition was filed by Thurman Arnold, former member of the antitrust division of the United States attorney general's office, and Lemuel B. Schofield, Philadelphia attorney.

Otis said in the petition, that if permitted to buy the Pullman interests, it would guarantee a "modern, unified and complete system of sleeping car service" for the American public.

In a letter to Tom C. Clark, attorney general, outlining the Otis plan, William R. Daley, president, said the proposal eventually would result in \$500,000,000 in orders for new sleeping and observation car facilities to replace "the present obsolete fleet" of about 4,250 heavyweight Pullman cars.

Mr. Daley held out the plan as a postwar employment booster asserting that it would "create jobs now, not only in car manufacture but in the metallurgical and supply industries."

Mr. Clark replied that "the Department of Justice is interested in the restoration of competition to this industry and in any proposal to bring this about."

The petition was filed with the clerk of the district court and there was no indication when the court would take action on it.

### History of the Case

When the circuit court last March ordered the Pullman Co. to divorce its two businesses, the company suggested the formation of a new corporation to be operated by the various railroads using Pullman's services on a pro-rata basis.

The government objected to the plan and the chief Pullman counsel, George Wharton Pepper, subsequently disclosed that few of the railroads had shown any interest in the plan.

The antitrust suit was filed July 12, 1940, when the government charged the Pullman group violated the Sherman antitrust act. On April 21, 1944, the court, set up to expedite the case, found the company guilty and ordered it to separate the two businesses.

The court held that Pullman's policy of requiring railroads taking its personal service to lease or pur-

chase cars from Pullman-Standard Car Manufacturing Co. resulted in a monopoly. A formal decree was issued May 8.

Mr. Arnold, who was a member of the antitrust division when proceedings were instituted against Pullman, said at the press conference today that the Otis plan was "an opportunity to make the decrease of 1943 work and to give luxury travel to the low income group."

The offer placed a value of \$5,000,000 on the Pullman shop and laundry, \$15,000,000 for working capital and supplies, \$20,000,000 for obsolete cars, \$35,000,000 for new lightweight cars. The latter category included approximately 500 of the 4,250 Pullman cars now in service.

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# OTIS PLEDGES NEW CARS IN PULLMAN BID

## Syndicate Including Young Has \$500,000,000 Plans for Sleeper System

An estimated \$500,000,000 rehabilitation of sleeping car equipment and service to "meet the challenge of other forms of transportation" and to stimulate industrial employment was outlined last night by a Cleveland syndicate which yesterday proposed to purchase facilities of the Pullman Co. for \$75,000,000.

Otis & Co., representing the Cleveland group, petitioned United States District Court in Philadelphia for approval of the purchase, which, if consummated, would constitute one of the major financial transactions of the year.

Leaders in the offer are Cyrus S. Eaton, board chairman, and William R. Daley, president, of Otis & Co., Robert R. Young, board chairman, and Allan P. Kirby, president, of the Allegheny Corp.

Arnold Represents Otis

Thurman Arnold, famed as a "trust buster" when he was assistant United States attorney general, represented Otis & Co. in filing the brief which asked permission to intervene in the government's anti-trust suit against Pullman, Inc., and approval of the proposed purchase.

A federal anti-trust suit against Pullman, Inc., two and a half years ago resulted in a court decree ordering Pullman, Inc., to separate its sleeping car business, operated by the Pullman Co., from its manufacturing business.

Attorney General Tom C. Clark last night released in Washington the text of a letter from Daley concerning the purchase of sleeping car facilities. In the letter Daley said:

"... this business group commits itself to a vast expansion of the railway sleeping car service. The present obsolete fleet of about 3,250 heavyweight Pullman cars will be replaced with the most modern fleet of sleeping cars and observation cars that competitive engineering brains and manufacturing facilities can produce. This will mean eventual orders to car manufacturers in excess of \$300,000,000.

### Would Create Jobs

"A great new industry is thus on the threshold of development which will make an important contribution to postwar reconversion. It will create jobs now, not only in car manufacture but in the metallurgical and supply industries." "More than four years ago, the Department of Justice began its successful antitrust suit with the object of bringing competition to this important segment of the railroad industry. We believe that our proposal will be a practical demonstration of the benefits of competition, and we are happy that our proposal can be made at this crucial time.

"The rehabilitation and expansion of the Pullman service can be made a strategic factor in the conversion of a war into a peace economy. It is in a position to give tremendous stimulus to other industries, particularly the metal and equipment industries, at points where the new war markets is most acutely felt. This stimulus, with far-reaching effects, will provide employment and promote an expanding economy."

In his reply, the attorney general said:

"I note that you state your proposal would result in an eventual order to car manufacturers in excess of \$500,000,000. As you know, the Department of Justice is interested in the promotion of competition to this industry and in any proposal to bring this about."

"Arnold's petition to the federal court pointed out that, while the price offered to Pullman, Inc., was "fair," it was "not so large as to cause an overcapitalization of the new sleeping car service which would be detrimental to the interests of the railroads and the public alike."

George A. Kelly, vice-president of the Pullman Co., told the Associated Press in Chicago that the court and Pullman will give the matter such consideration as it requires, but that he could make no other comment.

The Pullman offer turned the attention of national financial circles on Young, who controls the former properties of the Van Sweringen brothers, for the second time in little more than a week.

Last week he proposed merger of the Chesapeake & Ohio Rail-

way Co. with three other roads, the Nickel Plate Road, the Pere Marquette and the Erie Railroad Co., and Lake Erie Railroad Co.

He said in Philadelphia last night that the \$75,000,000 offer to Pullman represented \$3,000,000 for laundry shop facilities; \$15,000,000 for supplies, \$20,000,000 for obsolete cars and \$35,000,000 for new lightweight

cars. "The present condition of the sleeping car service, he submitted, was "deplorable," and if it were not improved "the cat's paw" would not "stand a chance" to compete with air service.

"Most of the present-day Pullman cars look more like the cat's paw," he said. "They have Christmas tree lights, filthy carpets and service which is an actual insult to the passengers."

"Particularly in transcontinental travel the present service is atrocious. Almost everyone has to get out at some isolated point and wait around for hours for connections."

### Three Years for Normalcy

Even if the Otis offer were accepted, Young said, it would take three years before sleeping car service "would begin to approach normalcy."

The government's suit against Pullman, Inc., was based on the contention that the corporation enjoyed a monopoly through control of both manufacture of sleeping cars and operation of sleeping car service.

A court order on May 8, 1944, directed that the company dispose of one of two subsidiaries—Pullman Co., operator of the sleeping car service, or Pullman-Standard Car Manufacturing Co. Pullman, Inc., directors elected to discontinue the sleeping car service.

Stressing that a "critical emergency" existed in the transportation of passengers by rail, Arnold's petition stated:

"The railroads face the greatest competitive race for passenger traffic in their history. They can no longer make their time under the protection of a position of natural monopoly. They are challenged by a revolutionary development in competing forms of transportation particularly by air. Cost of air transport is going down. Its luxury, comfort and safety goes up. This should not mean the bankruptcy of the sleeping car service. Rail service has unique advantages. It can find and hold its place in any new development.

### Qualifications Cited

"In determining the qualifications of the group which the court selects to carry out its decree, the court must find men willing and able to take the financial risk of creating new demands, expanding undeveloped markets and replacing old equipment with the constantly changing designs necessary for the coming age of travel.

"Judged by these standards, your petitioner represents perhaps the best in this country best qualified to introduce competitive ideas in the sleeping car transportation business. Financially it is strong enough to carry out any undertaking to which it commits itself. And it has the additional and rare characteristic of being managed and advised by men who were imbued with competitive ideas at a time when the dominant railroad tradition was against competition.

Otis & Co. pointed out in its argument for modernization of sleeping car service that railroads "are a half a century old and a half a half a century old" and "to meet immediate needs, the Cleveland group proposed:

### THE MOST MODERN FLEET OF

sleeping cars and observation cars that competitive engineering brains and manufacturing facilities can

produce, this at a lower cost than existing equipment, which would enable reduced cost Pullman service and would allow railroads "to experiment with reduction in rates to its customers, the public."

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tures were visualized.

# OTIS PLEDGES NEW BUILDERS NEW CARS IN PULLMAN BID

## Syndicate Including Young Has \$500,000,000 Plans for Sleeper System

An estimated \$500,000,000 rehabilitation of sleeping car equipment and service to "meet the challenge of other forms of transportation" and to stimulate industrial employment was outlined last night by a Cleveland syndicate which yesterday proposed to purchase facilities of the Pullman Co. for \$75,000,000.

Otis & Co., representing the Cleveland group, petitioned United States District Court in Philadelphia for approval of the purchase, which, if consummated, would constitute one of the major financial transactions of the year.

Leaders in the offer are Cyrus S. Eaton, board chairman, and William R. Daley, president, of Otis & Co., Robert R. Young, board chairman, and Allan P. Kirby, president, of the Allegheny Corp.

### Arnold Represents Otis

Thurman Arnold, famed as a "trust buster" when he was assistant United States attorney general, represented Otis & Co. in filing the brief which asked permission to intervene in the government's antitrust suit against Pullman, Inc., and approval of the proposed purchase.

A federal antitrust suit against Pullman, Inc., two and a half years ago resulted in a court decree ordering Pullman, Inc., to separate its sleeping car business, operated by the Pullman Co., from its manufacturing business.

Attorney General Tom C. Clark last night released in Washington the text of a letter from Daley concerning the purchase of sleeping car facilities. In the letter Daley said:

"... this business group commits itself to a vast expansion of the railway sleeping car service. The present obsolete fleet of about 6,250 heavy-weight Pullman cars will be replaced with the most modern fleet of sleeping cars and observation cars that competitive engineering brains and manufacturing facilities can produce. This will mean eventual orders to car manufacturers in excess of \$500,000,000.

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"A great new industry is thus on the threshold of development which will make an important contribution to jobs, reconversion, it will create jobs now, not only in car manufacture but in the metallurgical and supply industries. "More than four years ago, the Department of Justice began its successful antitrust suit with the object of bringing competition to this important segment of the railroad industry. We believe that our proposal will be a practical demonstration of the benefits of competition, and we are happy that our proposal can be made at this crucial time.

"The rehabilitation and expansion of the Pullman service can be made a strategic factor in the conversion of a war into a peace economy. It is in a position to give tremendous stimulus to other industries, particularly the metal and equipment industries, at points where the need for new markets is most acutely felt. This stimulus, with far-reaching effects, will provide employment and promote an expanding economy."

In his reply, the attorney general said: "I note that you state your proposal would result in several orders to car manufacturers in excess of \$500,000,000. As you know, the Department of Justice is interested in the restoration of competition to this industry and in any proposal to bring this about."

Arnold's petition to the federal court pointed out that, while the service offered to Pullman, Inc., was "fair," it was "not so large as to cause an overcapitalization of the new sleeping car service which would be detrimental to the interests of the railroads and the public alike."

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way Co. with three other roads, the Nickel Plate Road, the Pere Marquette Railway Co. and the Wheeling & Lake Erie Railroad Co.

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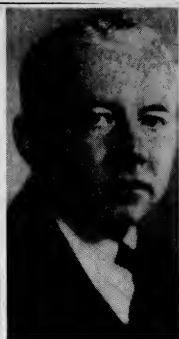
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Cleveland Plain Dealer  
Aug. 28, 1945



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THURMAN ARNOLD



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Cleveland Plain Dealer  
Aug. 23, 1948



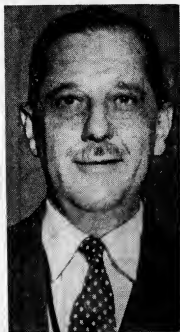
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## BANKERS ACT TO BUY PULLMAN'S SERVICE

Group Headed by Otis & Co.  
Offers to Meet Terms Made  
to Railroads in March

### COURT PETITION IS FILED

Attorney General Also Notified  
That \$500,000,000 Outlay  
for New Cars Is Planned

PHILADELPHIA, Aug. 27 (AP)—Otis & Co. of Cleveland, investment bankers, filed today a petition in United States District Court here seeking permission to submit an offer to buy the sleeping car service of Pullman, Inc.

The concern, which said it would be associated with the Robert Young-Allen P. Kirby group, said it was willing to pay the same price on the same terms at which Pullman offered to sell its servicing business to the nation's railroads last March. At that time, Pullman listed its sleeping car service for sale at \$30,000,000 in cash and \$31,000,000 in equipment trust certificates.

Otis & Co. filed a petition to intervene in the Government's anti-trust case against Pullman and three of its subsidiaries so that it could submit the offer.

The Pullman company was ordered last March by a special court of three judges of the United States Third Circuit Court to sell or contract for sale either its car manufacturing business or the servicing business. Pullman elected to dispense with the sleeping car service after maintaining a monopoly for forty years.

The Otis petition was filed by Thurman Arnold, former member of the anti-trust division of the United States Attorney General's office, and Lennel E. Schofield, attorney of this city.

Otis & Co. said in the petition that if permitted to buy the Pullman interests, it would guarantee a "modern, unified and complete system of sleeping car service" for the American public.

#### Attorney General Notified

WASHINGTON, Aug. 27 (AP)—A group of railroad financiers planning "a vast expansion" of railway sleeping car service has informed Attorney General Tom C. Clark of a proposal to purchase the sleeping car facilities of Pullman, Inc.

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Mr. Young is chairman of the board and Mr. Kirby is president of the Allegheny Corporation of New York, holders of the controlling interest in the Chesapeake & Ohio Railroad and other subsidiaries.

"In its proposal," Mr. Daley's letter said, "this business group commits itself to a vast expansion of the railway sleeping car service. The present obsolete fleet of about 6,250 heavyweight pullman cars will be replaced with the most modern fleet of sleeping cars and observation cars that competitive engineering brains and manufacturing facilities can produce.

"This will mean eventual orders to car manufacturers in excess of \$500,000,000. A great new industry is thus on the threshold of development, which will make an important contribution to postwar reconversion. It will create jobs now, not only in car manufacture but in the metallurgical and supply industries."

Mr. Daley told Mr. Clark he was informing him of the proposal because of the Attorney General's "interest in measures which will produce full employment."

In Chicago George A. Kelly, vice president of the Pullman Company, said the company was not in a position to comment at this time other than to say that "the court and Pullman would give the matter such consideration as it requires." He added that David A. Crawford, Pullman's president, who is on his way to the East, had declined to comment for publication.

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# Bankers Bid \$75,000,000 for Pullman, Inc.

Plan to Spend Half Billion  
For Modern Equipment  
and Give Better Service

By C. Norman Stabler  
Financial Editor

PHILADELPHIA, Aug. 27.—A proposal to purchase the entire sleeping-car facilities of Pullman, Inc., for \$75,000,000 and to operate the nation-wide system for all railroads with service that would be improved through the addition of new equipment costing in excess of \$500,000,000, was made here today by the investment banking firm of Otis & Co. in association with Robert R. Young and Allen P. Kirby, dominant individuals in the management of Alleghany Corporation, controlling the Chesapeake & Ohio system of railroads.

The bid was made to the United States District Court here, which has had jurisdiction in the case since five years ago, when the anti-trust division of the Department of Justice brought suit to force Pullman, Inc., to separate its sleeping-car operations from the manufacturing branch of the business. The government won its case two and a half years ago but thus far so disposition has been made of the sleeping-car business.

In making the announcement this afternoon Mr. Young deprecated the condition to which railroad travel has sunk, and charged the railroads themselves and the company for which he has just offered \$75,000,000 with failure to provide the traveling public with clean cars, modern equipment, rates low enough to attract the low-income individual or even politeness.

### Calls Situation "Disgraceful"

"Some railroad officials are so far removed from the operation of their companies that they don't even know when their stewards steal \$600 a car, so certainly they don't know when their passengers are insulted," he said.

"There are virtually no new sleeping cars on order right now, and most of those in service are twenty-five to forty years old and are obsolete. The situation is disgraceful.

"There is no reason why trans-continental passengers should be

shifted from car to car in Mid-Western cities when a carload of pigs going from the east coast to the west receives every consideration. The public is riding in cattle cars while railroad managers, and I am one, take years to talk things over. I wear a white collar and look like I had some income, but I don't expect to travel on a railroad without being insulted, so what can the man in a threadbare suit or the old women with bundles expect? The railroads are forty years late in learning to be polite, while the air lines give comfort, a smile and pass out a cup of tea."

To improve railroad service as speedily as possible, the group provided the court accepts its bid, plans a vast expansion of railway sleeping-car service, designed to enable the nation's railroads to meet the competitive challenge of airplane travel and other transportation services.

### Would Scrap Heavy Cars

"There are a lot of California school children who would like to see the Statue of Liberty and Bunker Hill," Mr. Young said. "They could see them if the price could be lowered through filling the cars and provided there is some comfort in traveling."

In detail the plan to scrap, as soon as possible, the present fleet of 6,250 heavyweight Pullman cars which are obsolete, keeping only the lightweight newer cars, of which there are only six hundred.

The cars to be manufactured would be built by competitive engineering brains and manufacturing facilities and would provide sufficient work to see all the companies in this line of construction busy for some years.

To develop passenger travel the group envisions a nation-wide network of agencies, promotion through radio advertising and experimentation in providing new equipment.

While these two aims are in progress the service on the roads would be continued under present contracts and the present staff and labor are assured employment.

Under the terms of the court order, Pullman service would be supplied to all railroads on a non-discriminatory basis. Proceedings against Pullman, Inc., by the Department of Justice to force it to separate its service from its manufacturing business, was started in 1940. Thurman Arnold, at that time head of the anti-trust division, is now attorney for Otis & Co., along with Arne C. Wiprod, of Washington. Mr. Arnold, at the press conference this afternoon, expressed the belief that acceptance of the present bid would nearly fulfill the terms of the dissolution decree of the court.

### Criticizes Delay

Following the decree in 1943 the company negotiated with the railroad trustees themselves to take the sleeping-car end of the business, but no agreement was reached. The subject was reopened again recently but the railroads asked eighteen months more to consider the matter.

"They have nothing more constructive to offer than the suggestion of further delay" Mr. Young said.

"In the mean time the public wants some service and the air lines aren't backward in giving it to them. Present Pullman cars are in a deteriorated condition and their design is archaic. The car builders want to get contracts and the workmen want work. But the railroad managements want eighteen months more to talk about what to do, even though they have known for two and a half years that they had to do something. Virtually no new cars are now on order. The present cars must carry a deadweight of two and a half to eight tons a passenger, depending upon occupancy, while their chief competitor, the air lines, have a deadweight of only 1,500 pounds and promise to go further."

The Alleghany group of railroads, in which Mr. Young and Mr. Kirby are dominant, includes the Chesapeake & Ohio, the Nickel Plate and the Pere Marquette. The firm of Otis & Co. has had wide experience in railroad financing and, with Halsey, Stuart & Co., was largely instrumental in bringing about competitive bidding in the marketing of railroad securities. Since July 1, 1929, when the Interstate Commerce Commission ordered competitive bidding for all railroad securities, the Halsey-Otis group has been successful bidders for about half the total of \$1,000,000,000 in railroad bonds marketed. The group has handled about \$100,000,000 in equipment trust certificates at competitive bidding in three and a half years.

The firm, in making its announcement, issued a statement saying: "The railroads today have as great an opportunity to develop passenger traffic as the motor car industry had in 1920, provided they modernize their facilities. They must reach the market of persons of moderate income. The extent of this great market is limited only by the vision and energy of those who attempt to develop it. The railroads will miss this opportunity if they do not modernize now. Further delay in placing new and progressive management in charge of Pullman Service may be fatal to the service, the railroads and the public."

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The Allegheny group of railroads, in which Mr. Young and Mr. Kirby are dominant, includes the Chesapeake & Ohio, the Nickel Plate and the Pere Marquette. The firm of Otis & Co. has had wide experience in railroad financing and, with Halsey, Stuart & Co., was largely instrumental in bringing about competitive bidding in the marketing of railroad securities. Since July 1, 1944, when the Interstate Commerce Commission ordered competitive bidding for all railroad securities, the Halsey-Otis group has been successful bidders for about half the total of \$1,000,000,000 in railroad bonds marketed. The group has handed about \$100,000,000 in equipment trust certificates at competitive bidding in three and a half years. The firm, in making its announcement, issued a statement saying: "The railroads today have as great an opportunity to develop passenger traffic as the motor car industry had in 1920, provided they modernize their facilities. They must reach the market of persons of moderate income. The extent of this great market is limited only by the vision and energy of those who attempt to develop it. The railroads will miss this opportunity if they do not modernize now. Further delay in placing new and progressive management in charge of Pullman Service may be fatal to the service, the railroads and the public."

## Otis-Young-Kirby Group Asks to Buy Pullman Cars

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At that time, Pullman had listed its sleeping car service for sale at \$30,000,000 in cash and \$51,000,000 in equipment trust certificates. Later Pullman reduced its price to under \$75,000,000.

### Willing to Pay \$75 Million.

Cyrus Eaton, a member of Otis & Co., said Otis was willing to pay \$75,000,000 for the sleeping car service but made no disclosure on how the purchase would be financed.

Young, a resident of Cleveland, together with Kirby, of Morristown, N.J., and other associates have since 1937 managed and directed the Allegheny System of railroads, consisting of the Chesapeake & Ohio, the New York, Chicago & St. Louis and the Pere Marquette.

Otis & Co. filed a petition to intervene in the U.S. government's anti-trust case against Pullman and three of its subsidiaries so that it could submit the offer.

### Sees Plan as Job Booster.

In a letter to Attorney General Tom C. Clark outlining the Otis plan, William R. Daley, president, said the proposal eventually would result in \$500,000,000 orders for new sleeping and observation car facilities to replace "the present obsolete fleet" of about 6,250 heavyweight Pullman cars.

Daley held out the plan as a postwar employment booster, asserting that it would "create jobs now, not only in car manufacture but in the metallurgical and supply industries."

### Valuations Detailed.

The offer placed a value of \$5,000,000 on the Pullman shop and laundry, \$15,000,000 for working capital and supplies, \$20,000,000 for obsolete cars, \$35,000,000 for new lightweight cars. The latter category included approximately 600 of the 6,250 Pullman cars now in service.

The group also envisaged organization of a nation-wide network of agencies and promotional advertising to increase rail travel in direct answer to the challenge of air travel.

Young said the new company planned to "use the automobile manufacturers' imagination and new style" and would replace cars every six or seven years.

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Mr. Young said the new group planned to confer in New York Wednesday with Daniel C. Crawford, Pullman president.

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aries so that it could submit the offer.

The Pullman Co. was ordered last March by a special court of three judges of the United States third circuit court to sell or contract for sale either its car manufacturing business or the servicing business. Pullman elected to dispense with the sleeping car service after maintaining a monopoly for 40 years.

The Otis' petition was filed by Thurman Arnold, former member of the antitrust division of the United States attorney general's office, and Lemuel B. Schofield, Philadelphia attorney.

Otis said in the petition, that if permitted to buy the Pullman interests, it would guarantee a "modern, unified and complete system of sleeping car service" for the American public.

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Mr. Daley held out the plan as a postwar employment booster asserting that it would "create jobs now, not only in car manufacture but in the metallurgical and supply industries."

Mr. Clark replied that "the Department of Justice is interested in the restoration of competition to this industry and in any proposal to bring this about."

The petition was filed with the clerk of the district court and there was no indication when the court would take action on it.

### History of the Case

When the circuit court last March ordered the Pullman Co. to divorce its two businesses, the company suggested the formation of a new corporation to be operated by the various railroads using Pullman's services on a pro-rata basis.

The government objected to the plan and the chief Pullman counsel, George Wharton Pepper, subsequently disclosed that few of the railroads had shown any interest in the plan.

The antitrust suit was filed July 12, 1940, when the government charged the Pullman group violated the Sherman antitrust act. On April 21, 1944, the court, set up to expedite the case, found the company guilty and ordered it to separate the two businesses.

The court held that Pullman's policy of requiring railroads taking its personal service to lease or purchase cars from Pullman-Standard Car Manufacturing Co. resulted in a monopoly. A formal decree was issued May 8.

Mr. Arnold, who was a member of the antitrust division when proceedings were instituted against Pullman, said at the press conference today that the Otis plan was "an opportunity to make the decree of 1943 work and to give luxury travel to the low income group."

The offer placed a value of \$5,000,000 on the Pullman shop and laundry, \$15,000,000 for working capital and supplies, \$20,000,000 for obsolete cars, \$35,000,000 for new lightweight cars. The latter category included approximately 800 of the 6,250 Pullman cars now in service.

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*But Arnoldism this will not give me much trouble. How much more obsolete RR frogs & locomotives? Equipment*

*The Crawford suit will be the other petition he handled is RR Equipment*

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*Handwritten notes:*  
Saf  
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gives me much  
at... How much  
more obsolete  
is R.R. Equipment + locomotives?  
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*Handwritten notes:*  
The court... as well as the  
the too... the  
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Back



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"It is the desire of our group to pick up this service where the present ownership of the Pullman company leaves off, with no interruption or inconvenience to the employees or the public."

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As the result of a government monopoly suit, the court has ordered Pullman, Inc., to sell either Pullman Company, which operates the sleeping car service, or Pullman-Standard Car Manufac-

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### AUTOMOTIVE NEWS The Newspaper of the Industry

Issue of Aug. 29, 1945

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*L.M.V.*  
v.m. Coxell

8/30/45

*Foley*  
*G.A.K. 8/30*  
Mr. G. A. Kelly

This complete text of the Young telegram to railroads was in the early edition of the Sun. It was dropped from later editions.

*sent to Mr  
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*B*  
Vern Coxell

Chicago Daily News  
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Chicago Sun  
Aug. 30, 1945

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Otis said Robert R. Young and Allan P. Kirby, whom it described as railroad experts, were among its associates in the proposed purchase. Young is chairman of the board and Kirby is president of the Allegheny corporation of New York, holders of the controlling interest in the Chesapeake and Ohio Railroad and other subsidiaries.

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## Plain Dealing by Cobbledick

Sleeping Cars of the Future . . . Curtains Not Soundproof  
. . . Time for a Change

BY GORDON COBBLEDICK

AS ONE who has spent a considerable part of the last 20 years practicing the special brand of contortionism required when one of my dimensions undertakes to remove his pants in the confines of a Pullman berth, I heartily applaud the promise given in yesterday's Plain Dealer that Pullman cars of the future will be different.

They'd better be. To the best of my knowledge and belief there has

been no change in the basic design of the sleeping car in a quarter of a century or more. In that same period the air lines and bus companies have developed and improved their facilities year by year, and year by year have claimed a greater share of the traveling public's patronage. The railroads have a job of catching up to do, and most of it must be done by the Pullman Co.

When I say there has been no fundamental change in Pullman design I am not forgetting the development of roomette and bedroom cars. They are fine as far as they go, but there aren't enough of them in service to accommodate more than a small fraction of the people who must go from one place to another by night. The old green-curtained upper-and-lower job remains substantially what it was when father made his infrequent journeys, and a heavy majority of the people who ride the Pullmans still must accept uppers or lowers—when they can get them.

### Greater Privacy Needed

I am a guy who loves his fellow men—but not too early in the morning and not in the circumstances in which one encounters them in a



GORDON COBBLEDICK

Pullman washroom. It seems to me that the Pullman architects must provide for greater privacy in the quarter hour it takes for a man to make himself fit to be seen by other travelers.

Paraphrasing and notwithstanding the man-made jokes about the appearance of women in the early morning, it is my experience that the women one meets in a Pullman aisle on their way to the washroom never are half so frightful in appearance as their male fellow travelers. It may be because they take pains to make themselves presentable before parting the green curtains. Whatever their secret, the man would do well to learn and follow it.

I am one of the fortunate mortals who sleep soundly to the tune of wheels clicking over rails, but many persons do not. And rather often babies do not. Now I am as fond of babies, I dare say, as any man, but I don't like to hear them cry when I am trying to fall asleep. Neither do I enjoy the conversation of those late retifiers who replay whose late bridge hands in the aisle before crawling into the sack. Since soundproofing cannot be achieved when only a curtain separates the would-be sleeper from the noises that thwart Morpheus, the curtains must go. The whole Pullman car as we know it must go.

Daylight travelers have fared better in recent years than those of us who do most of our journeying after dark. To them the streamlined coach trains offer comfort and even luxury on a scale un-

dreamed of a comparatively few years ago. Dining cars, too, have been improved, and some of the most modern club cars are rolling counterparts of the most glittering cocktail lounges. But the ancient Pullman sleeper remains a relic of the day when the railroads came of age.

Perhaps it is the railroads' misfortune that the demands of war did not require them to develop their rolling stock. Theirs was a staggering job, and they did it amazingly well, but they did it with prewar equipment which was efficient enough but strictly utilitarian.

War did demand extensive development in aircraft design, and in consequence as military requirements dwindle the commercial air lines will have ready for them planes exceeding in speed, comfort and capacity anything in sight as recently as the years immediately before Hitler's legions marched into Poland.

### Air Service Improved

The great four-engine transport which the army calls the C-54 and the navy knows as the R4D doubtless will soon be in service on the cross-country air routes. In its present form it will carry 36 passengers, as compared with the 21 handled by the familiar two-engine commercial liner in common use before and during the war. And it will carry them more swiftly and comfortably.

I don't know what the motor coach companies have up their sleeves, but it is certain that they will be in there fighting for another cut of the patronage that formerly was the railroads' exclusive property, and their appeal will be made by better, more luxurious buses.

Private automobiles, too, will be more comfortable and more efficient, and more people will be driving than ever before.

It will be interesting to see what the Pullman Co. does about it.

Continued from page 1  
Nov. 23, 1941

## Plain Dealing by Cobble Dick

### Sleeping Cars of the Future . . . Curtains Not Soundproof . . . Time for a Change

BY GORDON COBBLEDICK

**A**S ONE who has spent a considerable part of the last 20 years practicing the special brand of contortionism required when one of my dimensions undertakes to remove his pants in the confines of a Pullman berth, I heartily applaud the promise given in yesterday's Plain Dealer that Pullman cars of the future will be different.

They'd better be. To the best of my knowledge and belief there has been no change in the basic design of the sleeping car in a quarter of a century or more. In that same period the air lines and bus companies have developed and improved their facilities year by year, and year by year have claimed a greater share of the traveling public's patronage.

The railroads have a job of catching up to do, and most of it must be done by the Pullman Co.

When I say there has been no fundamental change in Pullman design I am not forgetting the development of roomette and bedroom cars. They are fine as far as they go, but there aren't enough of them in service to accommodate more than a small fraction of the people who must go from one place to another by night. The old green-curtained upper-and-lower job remains substantially what it was when father made his infrequent journeys, and a heavy majority of the people who ride the Pullmans still must accept uppers or lowers—when they can get them.

#### Greater Privacy Needed

I am a guy who loves his fellow men—but not too early in the morning and not in the circumstances in which one encounters them in a



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Pullman washroom. It seems to me that the Pullman architects must provide for greater privacy in the quarter hour it takes for a man to make himself fit to be seen by other travelers.

Paraphrasing and notwithstanding the man-made jokes about the appearance of women in the early morning, it is my experience that the woman one meets in a Pullman aisle on their way to the washroom never are half so frightful in appearance as their male fellow travelers. It may be because they take pains to make themselves presentable before parting the green curtains. Whatever their secret, the man would do well to learn and follow it.

I am one of the fortunate mortals who sleep soundly to the tune of wheels clicking over rails, but many persons do not. And rather often babies do not. Now I am as fond of babies, I dare say, as any man, but I don't like to hear them cry when I am trying to fall asleep. Neither do I enjoy the conversation of those late retirees who replay whole bridge hands in the aisle before crawling into the sack. Since soundproofing cannot be achieved when only a curtain separates the would-be sleeper from the noises that thwart Morpheus, the curtains must go. The whole Pullman car as we know it must go.

Daylight travelers have fared better in recent years than those of us who do most of our journeying after dark. To them the streamlined coach trains offer comfort and even luxury on a scale un-

dreamed of a comparatively few years ago. Dining cars, too, have been improved, and some of the most modern club cars are rolling counterparts of the most glittering cocktail lounges. But the ancient Pullman sleeper remains a relic of the day when the railroads came of age.

Perhaps it is the railroads' misfortune that the demands of war did not require them to develop their rolling stock. Theirs was a staggering job, and they did it amazingly well, but they did it with prewar equipment, which was efficient enough but strictly utilitarian.

War did demand extensive development in aircraft design, and in consequence as military requirements dwindle the commercial air lines will have ready for them planes exceeding in speed, comfort and capacity anything in sight as recently as the years immediately before Hitler's legions marched into Poland.

#### Air Service Improved

The great four-engine transport which the army calls the C-54 and the navy knows as the R5D doubtless will soon be in service on the cross-country air routes. In its present form it will carry 36 passengers, as compared with the 21 handled by the familiar two-engine commercial liner in common use before and during the war. And it will carry them more swiftly and comfortably.

I don't know what the motor coach companies have up their sleeves, but it is certain that they will be in there fighting for another cut of the patronage that formerly was the railroads' exclusive property, and their appeal will be made by better, more luxurious buses.

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Purpose of Conference Is New Contracts to Replace Old Ones Ending December 31

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In telegrams to the chief executive officers of railroad companies now being furnished with sleeping car service under contract with Pullman Company which operates the business for the parent company and to the special Pullman committee of the regional railroad presidents conferences, the group called attention to the fact that the railroads already have received from Pullman notice of termination of present service contracts as of December 31, 1945.

"It is the desire of our group to pick up this service where the present ownership of The Pullman Company leaves off, with no interruption or inconvenience to the employees or the public and to that end we seek to confer with your representative at the earliest possible moment looking toward a new contract which will adequately meet the needs of the future," the telegram said.

Railroad executives also were informed in the telegram that David A. Crawford, Pullman Inc., president, told the group yesterday that he desired to see the future handling of the sleeping car business determined at the earliest possible moment.

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## Otis Group Promises 'to Take Up Where Pullman Leaves Off'

NEW YORK, Aug. 29.—(UP)—Otis & Co. and associates, which have offered to purchase the sleeping car business of Pullman, Inc. for a possible price of \$75,000,000, today assured American railroads that the group will pick up the service from Pullman "with no interruption or inconvenience to the employees or the public."

In an open telegram to the railroads, Robert R. Young, and Allan P. Kirby, chairman and president, respectively, of Alleghany Corp., Cyrus Eaton of Otis & Co. and others involved

in the purchase offer, expressed the desire to confer with representatives of the railroads "at the earliest possible moment looking toward a new contract which will adequately meet the needs of the future."

Following is the text of the telegram sent by Otis & Co. and associates:

"This is to notify you of the filing on Monday, Aug. 27, of the motion to intervene and petition facilities of Pullman, Inc., under the terms of the decree entered May 8, 1944, and the interim order entered March 22, 1945. Copies of this motion are being mailed you under separate cover.

"In conference today with D. Ar Crawford, president of Pullman, Inc., the owner of the Pullman Co., we were informed that they have been for some time and continue ready to comply immediately with the decree of the court and are desirous of seeing that the future handling of the sleeping car business be determined at the earliest possible moment."

"As you know, it was the opinion of the court that the maintenance of a unified operation of the sleeping car service would be in the public interest. You have already received from the Pullman Co. its notice of termination of contracts for service as of Dec. 31, 1945.

"It is the desire of our group to pick up this service where the present ownership of the Pullman Co. leaves off, with no interruption or inconvenience to the employees or the public and to that end we seek to confer with your representative at the earliest possible moment looking toward a new contract which will adequately meet the needs of the future." x

The telegram was addressed to the chief executive officers of railroad companies now being furnished with sleeping car service under contract with Pullman Co. and to members of special Pullman committee of regional railroad president's conferences.

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## PULLMAN GETS SEVERAL BIDS

### Crawford Answers Charges of Poor Operation.

Directors of Pullman, Inc., are considering several bids for the disposal of its subsidiary, the Pullman Company, operators of the sleeping car business, D. A. Crawford, president, said today. This was indicated in The Sun Tuesday. Among the bids is the proposal of the Otis-Young-Kirby group, which Crawford said he is discussing with the principals and "with other interested parties."

"We are not in a position at this time to announce decisions," declared the Pullman president, "because any action on the several proposals for the purchase of the Pullman Company which have been made or which may be made necessarily must await presentation to the court at Philadelphia."

Apparently answering Robert R. Young's charges, made at the time his group announced its offer, President Crawford said:

"Pullman, Inc., is concerned with negotiating the sale of the Pullman sleeping car business to any one of several possible purchasers and not with engaging in controversy about Pullman service under wartime conditions. Sweeping charges of lack of cleanliness in Pullman cars or of discourtesy on the part of Pullman attendants are not warranted by the facts."

## Pullman Weighs Bids for Unit

D. A. Crawford, president, Pullman, Inc., and Pullman Co., today said he is discussing with the Young-Kirby-Otis syndicate and "other interested parties" proposals for purchase of Pullman Co. The Federal Court at Philadelphia ordered Pullman, Inc. to separate its sleeping car business from its manufacturing subsidiary, Pullman-Standard Car Manufacturing Co.

"Action on the proposals must await presentation to the court at Philadelphia," Crawford noted. He added:

"Pullman, Inc., is concerned with negotiating the sale of the Pullman sleeping car business to any one of several possible purchasers and not with engaging in controversy about Pullman service under wartime conditions. For 30 years Pullman service has been synonymous with safety, cleanliness and courtesy."

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"We are not in a position at this time," Mr. Crawford said in a statement, "to announce decisions because any action on the several proposals for purchase of the Pullman Co. which have been made, or which may be made, necessarily must await presentation to the court at Philadelphia.

### Praises War Time Service

"Pullman, Inc., is concerned with negotiating the sale of the Pullman sleeping car business to any one of several possible purchasers and not with engaging in a controversy about Pullman service under war-time conditions.

"The travelling public and the responsible officers of the transportation divisions of the armed services have paid tribute to the Pullman Co. for the tremendous and exact-

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### Asks Railroad Conferees for Meetings to Arrange Pact if They Buy Business

Robert R. Young and associates who earlier this week made an offer for the sleeping car business of the Pullman Company sent yesterday a telegram to heads of railroad companies and to the special committee of the regional railway presidents' conferences seeking to arrange meetings looking toward the writing of a new contract that would take over the one now in effect between the railroads and Pullman in the event that they purchase the business.

The telegram said the group had conferred with David A. Crawford, president of Pullman, who informed them that he wanted to see that the future handling of the sleeping-car business be determined at the earliest possible moment.

"As you know," the telegram read further, "it was the opinion of the court that the maintenance of a unified operation of the sleeping car service would be in the public interest. You already have received from the Pullman Company its notice of termination of contracts for service as of Dec. 31, 1945.

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The group, including Otis & Co., has made a bid for the Pullman properties through the Federal Court in Philadelphia, which had decreed that Pullman, Inc., either sell the sleeping car end of its business or concentrate its activities exclusively in that field.

Commenting upon the proposals that have been made for the purchase of the Pullman Company Mr. Crawford in a statement made here said:

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### Pullman Head Discloses Other Bids Were Made for Company's Facilities

The offer of the Otis & Co.-Young-Kirby group to purchase railroad carrier facilities of Pullman, Inc., for \$75,000,000, announced on Monday, was followed yesterday by an offer of the same group to the railroads to negotiate contracts for continuing service on termination of present arrangements at the end of 1945.

The communication from Robert R. Young, Allan F. Kirby, Cyrus Eaton, and others to the railroad chief executives followed a conference here between the group and D. A. Crawford, president, and other Pullman, Inc., officials.

Commenting on the developments of the last few days, Mr. Crawford disclosed that several proposals have been made for purchase of the Pullman transportation facilities and said he had been conferring with the Youngs-Otis group and with "other interested parties."

#### Court Action Awaited

"We are not in a position at this time," Mr. Crawford said, "to announce decisions because any action on the several proposals for purchase of the Pullman Co. which have been made or which may be made necessarily must await presentation to the court at Philadelphia.

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#### Notice of Terminations

The telegram of the Young group to the railroads brought no immediate response or comment from principal carriers affected.

In the telegram the Young group reminded the railroads that Pullman has served notice of termination of contracts on Dec. 31, and continued:

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## Pullman Confers on Other Sale Offers

### Young Seeks Parleys With Rail Heads on New Sleeping Car Pacts

Discussions of proposals looking to the purchase of the sleeping car properties of Pullman, Inc., are being held "with other interested parties" as well as with the Young-Otis & Co. group, D. A. Crawford, president of Pullman, Inc., and the Pullman Co., said in a statement last night.

Mr. Crawford suggested the possibility of additional offers for Pullman Co., the sleeping car company, which must be disposed of in accord with a Federal Court decree, when he said that "we are not in a position at this time to announce decisions because any action on the several proposals for purchase of the Pullman Co. which have been made or which may be made necessarily must await presentation to the court at Philadelphia."

#### Young Seeks Contract Parleys

Meanwhile, the group headed by Robert R. Young and Allan P. Kirby of Allegheny Corp. and Cyrus Eaton of Otis & Co. yesterday asked for conferences with railroad executives looking to the drafting of a new contract for sleeping car service to replace the

agreement of the carriers with the Pullman Co. which is to be terminated as of Dec. 31. The group made a bid for the sleeping car properties in Federal Court in Philadelphia Monday. The group would pay approximately \$75,000,000 for the properties.

The Young-Otis group conferred yesterday with Mr. Crawford. In a telegram to chief executive officers of railroads now being furnished with sleeping car service under contract with Pullman and to members of the special Pullman committee of regional railroad presidents' conferences, Mr. Young and his associates stated that "we were informed that they (Pullman) have been for some time and continue ready to comply immediately with the decree of the court and are desirous of seeing that the future handling of the sleeping car business be determined at the earliest possible moment."

#### The telegram added:

"As you know, it was the opinion of the court that the maintenance of a unified operation of the sleeping car service would be in the public interest. You have already received from the Pullman Co. its notice of termination of contracts for service as of Dec. 31, 1945. It is the desire of our group to pick up this service where the present ownership of the Pullman Co. leaves off, with no interruption or inconvenience to the employees or

the public and to that end we seek to confer with your representatives at the earliest possible moment and looking toward a new contract which will adequately meet the needs of the future."

#### Crawford Defends Service

Mr. Crawford, evidently referring to criticism of Pullman service made by Mr. Young at a press conference Monday, said in his statement:

"Pullman, Inc., is concerned with negotiating the sale of the Pullman sleeping car business to any one of several possible purchasers and not with engaging in controversy about Pullman service under wartime conditions.

"The traveling public and the responsible officers of the transportation divisions of the armed services have paid tribute to the Pullman Co. for the tremendous and exacting job it is performing, and we think very effectively. Sweeping charges of lack of cleanliness in Pullman cars or of discourtesy on the part of Pullman attendants are not warranted by the facts.

"For eighty years Pullman service has been synonymous with safety, cleanliness and courtesy and I am confident these traditions, even to the good manners of Pullman employees, will constitute a priceless asset of future Pullman operation under whatever new ownership."

## Pullman Confers on Other Sale Offers

### Young Seeks Parleys With Rail Heads on New Sleeping Car Pacts

Discussions of proposals looking to the purchase of the sleeping car properties of Pullman, Inc., are being held "with other interested parties" as well as with the Young-Otis & Co. group, D. A. Crawford, president of Pullman, Inc., and the Pullman Co., said in a statement last night.

Mr. Crawford suggested the possibility of additional offers for Pullman Co., the sleeping car company, which must be disposed of in accord with a Federal Court decree, when he said that "we are not in a position at this time to announce decisions because any action on the several proposals for purchase of the Pullman Co. which have been made or which may be made necessarily must await presentation to the court at Philadelphia."

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## Westward!

How quickly a "revolution" becomes commonplace. Financial pages this week carried stories of impending refunding operations designed to lower the interest charges on two issues of railroad bonds, Great Northern \$75,000,000 and Southern Pacific \$125,000,000.

Refundings are routine, interest reductions have become so of late. But the news is that a Chicago bond house will handle the Great Northern transaction and the Southern Pacific has invited bids of its proposed issue.

Men whose hair still needs no tinting can remember when railroad financing of this size and sort could be handled at only two addresses in the United States — 23 Wall st. and 52 William st., New York City. As for competitive bidding there just wasn't any such animal!

That there is competition today is largely due to the fight made by Cyrus Eaton, the Cleveland banker, broker, industrialist and promoter.

Reorganization and refinancing of Pullman sleeping-car service to conform to court decree separating the Pullman car-building operations from the sleeper service is in the hands of gentlemen of Cleveland, Ohio. That's one for the book, too.

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## Bid for Pullman

Cleveland group's offer to buy operating company may be answer to problem created by federal court's deadline.

Pullman, Inc., parent company of the Pullman group, got prompt action this week on its most pressing problem, whether or not this speed was caused by the move of its subsidiary, the Pullman Co., to cancel as of next Dec. 31 all operating contracts with the railroads that it serves (BW—Aug. 23-45, p. 38).

• **Gets Action**—Apparent purpose of this action by the 80-year-old operating subsidiary was to force the hesitant U. S. railroads to make up their minds whether to accept any offers by Pullman, Inc., to sell physical equipment or stock. Price of either was set at about \$73,000,000. Sale by next Mar. 22 is necessitated by a court order, outcome of an antitrust verdict.

First open offer for the Pullman Co. was for the more than 99% of its stock owned by Pullman, Inc. The bid was made by a syndicate headed by Otis & Co., Cleveland investment bankers, and including Robert R. Young, board chairman, and Allan P. Kirby, president, of Alleghany Corp. They made their offer to the U. S. District Court at Philadelphia which ordered the sale, and

are willing to pay the price that has been asked from the first public move last summer.

• **Railmen Doubtful**—Nobody could laugh off such a bid by the men who had made good their control over the Van Sweringen rail empire. To many a rail stock specialist, the deal looked like a natural. Rail executives, by nature less adventuresome, were dubious. If the handful of roads that operate the 605 newest, most modern, lightweight Pullman sleepers should exercise their options to buy this equipment, the remainder of less modern, heavier 6,000-odd sleepers might look less appetizing to Otis, Young, and their syndicate. Separate sale of the lightweight units would presumably reduce the total price to the syndicate by roughly \$35,000,000.

Pullman officials cautiously said negotiations would tell the story, hinted that other eager purchasers are waiting.



### PULLMAN SALE ORDER ATTRACTS SECOND GROUP

New York, Aug. 31 (P)—Willard F. Rockwell, chairman of four Pennsylvania and Detroit companies, today said his group may seek to purchase the sleeping car operations of Pullman, Inc.

It would be the second bid for this branch of Pullman, which was directed by a federal court at Philadelphia last March to dispose of either its manufacturing or sleeping car operations.

Rockwell said his group includes Tinkens-Detroit Axle company and Hupp Motor Car corporation, both of Detroit; Standard Steel Spring company of Coraopolis, Pa., and Pittsburgh (Pa.) Equitable Meter company, all engaged in metal products manufacturing.

## Second Group Plans Bid for Pullman Co.

### Rockwell Interests Include Firm in 'Postwar Proposals'

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#### Has Ample Funds

Mr. Rockwell said his group was not associated with any other combination, and that it had ample funds for the operation. Pullman's sale price has been reported at \$75,000,000.

Included in the Rockwell group of companies are Tinkens-Detroit Axle Co. and Hupp Motor Car Corp., both of Detroit; Standard Steel Spring Co. of Coraopolis, Pa., and Pittsburgh Equitable Meter Co. of Pittsburgh, Pa., all engaged in metal products manufacturing.

Mr. Rockwell said in an interview here that his group, whose 20 plants have been devoted to war production, was "looking into several proposals" for postwar business, and that "among them is Pullman."

No indication was given when a bid for the sleeping-car operations might be made for the group. Mr. Rockwell said, however, he expected it would be "many months" before any purchase proposal could be approved by the court at Philadelphia and contracts agreed upon with the railroads.

#### Operate in 9 States

The four companies headed by Mr. Rockwell operate plants in nine states—Pennsylvania, Indiana, Michigan, Illinois, Ohio, Wisconsin, California, New Jersey, Oklahoma and New York.

Before the war they produced such articles as automobile truck and tractor springs, bumpers, gratings and treads, universal joints, propeller shafts, axles, transmissions, oil burners, meters and regulators, and stampings for automotive, refrigeration and air conditioning manufacturers. Some of their war production was on armor plate and parts for army tanks.

Latest published financial statements of the companies, for periods ending in 1944, show total assets of close to \$125,000,000. Tinkens-Detroit Axle had net sales of \$159,073,742 for the year ended June 30, 1944, with net income of \$4,008,142.

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## X News and Views of Investments

### Huge Rise Needed in Rail Passenger Traffic to Carry Out Robert Young's Plans

**B**ELLICOSE ROBERT R. YOUNG, chairman of the Chesapeake & Ohio Railway, who last week put in his bid for the Pullman car business, has ideas for the future of that service which contemplate a tremendous expansion in travel, a revolutionary increase and improvement in the equipment to handle that traffic, a gigantic increase in debt of the operating company.

The wholehearted and picturesque way Mr. Young condemned railroads and the present operators of the sleeping-car business bespoke confidence on the part of himself and the group associated with him in their ability to boost the business to the levels needed to carry the interest and depreciation charges on new equipment which he indicated will be purchased. However, his promise to spend over \$500 million to replace the 6,250 old, heavyweight Pullmans with modern, light-weight cars, and to "turn them over" every seven years or so, really would call for some transportation magic, because it would be difficult, if not impossible, to fulfill those promises on the prewar revenues from the sleeping car business.

If the money can be raised to buy the proposed new cars, and if they can be built quickly, the old Pullman's will be replaced. That would mean the new company might have to issue as much as \$500 million of equipment trust certificates. Even at 2%, that would call for \$10 million of interest annually. If the new cars are to be "turned over" every seven years or so, that would require a maximum annual amortization of the equipment trust certificates of more than \$10,000 a car, or \$62.5 million, to make a total of interest and amortization of \$72.5 million.

Nowhere even in the wartime income accounts of Pullman Co. are there any figures like that. What Pullman Co. actually did in the past seven years follows:

	3 war-year average	4 prewar-year average
Gross revenue .....	\$119,237,158	\$59,499,106
Operating revenue .....	29,362,000	6,186,349
Net income .....	8,698,675	2,125,346

Just because what Mr. Young proposes never has been done doesn't mean that it can't be done. It does mean that railroad transportation in the United States will be much bigger and better—and much more interesting—if Mr. Young, Allan Kirby, Otis & Co. and others associated with them succeed with their ideas.

One plan probably is to increase the carrying capacity of sleeping cars. That already is underway. The Pullman car manufacturing division already has in use a three-tier sleeping car with 42 berths, against the 27 in a standard sleeping car, although the rates for such accommodations are lower. It also plans a three-deck coach seating 112 passengers, or about one-third more than present coaches.

Such steps either would lessen the number of cars needed to move the country's travelers, or would provide more revenue per car with which to pay off debt and cover interest on that debt.

Furthermore, Mr. Young may have exaggerated a little in his estimate of how quickly the newer cars would be considered obsolete and scrapped. If the life of the car is extended to 12 years, instead of the "seven years or so" which Mr. Young forecast, amortization of equipment trust certificates would be much lower each year.

Even more interesting than the financial problems which Mr. Young would meet in putting over his ambitious plans is the effect which such radical moves would have on the entire passenger business of the railroads. Against the approximately 7,000 Pullman cars in operation, Class 1 railroads of the United States have nearly 45,000 passenger cars in service. Even the most unimaginative old railroader hardly could insist on keeping old cars in operation in the same service on which the bright, shiny new Pullmans would run, if it could be proved that new ones could earn money.

So if Mr. Young from Texas proves to be the St. George to slay the dragon of railroad inertia, he will be the friend of the railroad equipment makers as well as the travelers who are just learning that railroad travel and discomfort aren't necessarily synonymous.

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**Pullman Intervention**

Otis & Co. of Cleveland and Robert F. Young and Allen P. Kirby, New York investment bankers, have been granted a motion to intervene in the government's antitrust action against the Pullman Co. and its subsidiaries, it was announced yesterday in Philadelphia. The motion was made Aug. 27 and granted two days later by United States Circuit Court Judge John Biggs, Jr., the court announced. At the time of the motion it was reported that the petitioners had offered to purchase the sleeping car service of Pullman, Inc., for \$75,000,000, the price at which the service was offered to the railroads as a group on May 12.

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# Rockwell Bid Definite for Pullman Unit

*Noted by 10/9/50*  
*Chgo. J. of Com. 9-17-45*

## But Proposal Hinges On Type of Contract To Be Had from Rails

NEW YORK, Sept. 16 (Special).—William F. Rockwell, chairman of four Pennsylvania and Detroit companies, said in an interview today that his group will definitely make an offer for the sleeping car subsidiary of Pullman, Inc. Mr. Rockwell indicated a few weeks ago that his interests were exploring the possibilities of such a purchase.

He said today, however, that he still could not say whether the bid would be above or below the \$75,000,000 sale price set by Pullman. That will depend on what kind of a contract can be worked out with the railroads, he added.

One group headed by Robert R. Young and Allan P. Kirby of the Allegheny Corporation of New York and William R. Daley of Otis & Co., Cleveland, has offered to meet this price and obtained permission to intervene in the antitrust proceeding pending at Philadelphia. Disposal of the sleeping car unit of Pullman is being made under a decree of the federal court, which ordered a separation of Pullman's car manufacturing and service businesses by March 31 of next year.

### Will Not Seek to Intervene

Mr. Rockwell said positively that his group would not seek to intervene in the court action.

"We expect to make an offer to the Pullman Co. and if it is satisfactory, we will present it to the court. We will not make an offer to Pullman until we know what kind of a contract we can get from the railroads, and they still appear to be in some disagreement as to how sleeping car services should be operated in the future."

Mr. Rockwell would not disclose whether any negotiations had been opened with the carriers on the question of contracts, but railroad sources say the matter probably has been discussed informally with officials of individual roads.

Referring to the statement of the Young-Kirby-Otis group that an expenditure of \$500,000,000 would be made to modernize Pullman equipment and facilities, Mr. Rockwell commented that "the court and the public will be interested in an adequate rehabilitation program by our group." He added that while it was reported three other groups besides his and the Young-Kirby-Otis interests were negotiating for Pullman, he was not aware that any but his own had "even applied to

Pullman for operating and profit figures as a basis on which to work." He said Pullman officials had been completely co-operative.

### Rails Asked to Confer

Meantime, it is reported that railroad representatives have been invited to a meeting next month in Cleveland to discuss contracts for sleeping car services with the Young-Kirby-Otis group. Present contracts with the Pullman Co. will be canceled by Pullman Dec. 31.

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## Will Fisher Brothers Bid for Pullman?

By Robert P. Vanderpoel  
*Financial Editor*

David A. Crawford, president of Pullman, Inc., has stated that at least three groups have been dickering for purchase of the Pullman sleeping car business, which is to be divested from the manufacturing end by court order.

One of these groups, headed by Robert R. Young and Allan P. Kirby of the Alleghany Corporation and Chesapeake & Ohio Railway empire, has intervened in the court action and expressed a willingness to pay the \$75,000,000 sale price set by Pullman.

Willard F. Rockwell, head of a number of companies mainly in the automotive parts business, including Timken-Detroit Axle Company and Standard Steel Spring Company, has indicated that his group may make a bid.

There has been no intimation as to who comprises the third group, but if we were to make a guess it would be the Fisher brothers of Detroit, who have been looking around for new interests after having resigned their important positions in the General Motors setup.

### Wanted Hudson Motors

The Fishers are said to have been disappointed in not securing control of Hudson Motors and have been looking for a favorable opportunity to employ their excess capital. Whether the Fishers would want to take some of the millions which they have made in the automobile business and invest it in a railway enterprise is another matter.

The court and even the Interstate Commerce Commission might look with some askance on forcing Pullman Inc. to divorce the sleeping cars from its manufacturing business only to turn the former over to a railway group such as Young and Kirby.

Of course, the possibility that the railways themselves may form a company to take over the sleeping car business can hardly be ruled out.

Developments appear likely to come soon.

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There has been no intimation as to who comprises the third group, but if we were to make a guess it would be the Fisher brothers of Detroit, who have been looking around for new interests after having resigned their important positions in the General Motors setup.

### Wanted Hudson Motors

The Fishers are said to have been disappointed in not securing control of Hudson Motors and have been looking for a favorable opportunity to employ their excess capital. Whether the Fishers would want to take some of the millions which they have made in the automobile business and invest it in a railway enterprise is another matter.

The court and even the Interstate Commerce Commission might look with some asstance on forcing Pullman Inc. to divorce the sleeping cars from its manufacturing business only to turn the former over to a railway group such as Youngs and Kirby.

Of course, the possibility that the railroads themselves may form a company to take over the sleeping car business can hardly be ruled out.

Developments appear likely to come soon.

## Will Fisher Bros. Make Pullman Bid?

By Robert P. Vanderpoel  
Financial Editor

David A. Crawford, president of Pullman, Inc., has stated that at least three groups have been dickering for purchase of the Pullman sleeping car business, which is to be divested from the manufacturing end by court order.

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S S S

## 575 Million Rail Plan Told S. F. By Thurman Arnold

SACRAMENTO, CAL. UNION  
CIR. 11,504  
SEPTEMBER 21, 1936

### WP Merger Slated

MARQUIS CHILDS had some very laudatory things to say in his column on this page a few days ago about Robert R. Young, little publicized railroad man, who is seeking, with associates, to buy Pullman Company and modernize its service and equipment.

Young may prove to have particular interest for Sacramentans for another reason. He is reported to be seeking to develop a new transcontinental rail line whose western terminus at San Francisco would be reached via the facilities of Western Pacific.

Experience during the depression years should have shown that there were too many unhealthy railroad corporations in this country, and that public interest would be better served with fewer lines having a stronger corporate structure.

Many decades later we were still suffering for the machinations of men like James Fisk and Jay Gould, until war brought a period of railroad prosperity.

If the West is to have the expansion promised, there is no reason why the Western Pacific should not expand with it in a new era of broadened and solvent operation.

The dreams of railroad empire envisioned for it by the late Arthur Curtis James may yet come true.

A low-cost, "luxury travel" nationwide railroad system was envisioned here today by Thurman Arnold, former "trust-buster" who now represents a Cleveland financier group that seeks to buy the carrier facilities of the Pullman company.

Arnold, speaker at a joint luncheon of the California Commission on Interstate Co-operation and of chairmen of similar groups from ten other western states, explained his syndicate has offered \$75,000,000 for the Pullman cars.

#### \$500,000,000 MORE

If the purchase went through, he said, the group would spend another \$500,000,000 on new carriers and then set up nationwide travel facilities aimed at providing transportation at a cost that could be met by low income groups.

"This is the only possible way the railroads can compete with air travel," he said. "The accent is going to be on luxury travel—which the airlines can't provide."

At the meeting of the California Interstate co-operation commission, preceding the luncheon, State Senator Jesse Mayo, Angels Camp, proposed a resolution under which the eleven western states would band together in an appeal for federal help in the financing of postwar projects.

#### \$1,500,000,000 PROJECTS

He said California cities and countries have \$1,500,000,000 worth of projects planned, and should complete three-fourths of them within five years, but "cannot finance them alone."

The session ran concurrently with a meeting of chairmen of the interstate co-operation commissions of eleven western states, also at the Palace Hotel. At this conference, Assemblyman Harrison W. Call of Redwood City recommended that Washington should grant the states funds for the support of airports.

#### AIR RULING HIT

A resolution, questioning the Civil Aeronautics Board's recent recommendation of a New York-Orient air route through Edmonton Canada; Anchorage, Fairbanks and Tokio, was offered the interstate group. It asked that

Pacific Coast cities be included in any future United States-Orient airlines.

Yesterday, Pacific Coast government officials met here to

discuss reconversion problems, heard the federal government criticized for "dumping" postwar problems on the communities, and were told discharged workers are letting thousands of vital jobs go unfilled.

BCK

9/23

To note at (X) -  
which is a flat lie.

BM

191A

BCK

7/23

To note at (X) -  
which is a flat lie.

BM

191A

# Washington Calling

By Marquis Childs

## Business Plans For The Future

WHAT WITH PRESIDENT TRUMAN'S message and the reconversion report, we've been hearing a great deal about the plans of Government for the peace that is now a reality.

Because it is hard to put the whole picture together, we have heard less about the plans of business on which, essentially, the prosperity of the country must depend. Government can never be more than a supplement at best.

A tremendous industrial expansion is in sight. Almost every business man you talk with has his own reconversion plans, and almost invariably they call for new plants and new products.

☛

RECENTLY, I happened to talk with two business men who have exciting plans for the immediate future. Both men were a long way from the traditional figure we have come to label big business. They were preparing to meet the changing circumstances of a changing world.

One was Robert R. Young who, in association with Otis & Co., is trying to buy the Pullman Company. The other man was Frank W. Pierce, a director of Standard Oil of New Jersey.

Young is a concentrated charge of dynamic oil of Texas. In the course of acquiring four railroads during the past decade, he has upset a lot of conventional notions about railroad management and, even more important, about finance. More than any other single individual, Young has helped to break through the financial toll bridge that was controlled almost exclusively by one set of interests in New York.

☛

NOW WITH his partners, he has met the price asked by the Pullman Company, which was compelled by antitrust action to sell either the business of manufacturing Pullman cars or the business of selling Pullman service. Pullman chose to dispose of the latter.

In a petition filed with a Philadelphia court, Young and his associates say they will replace present heavyweight Pullman

cars with lightweight, streamlined equipment. They are prepared to place orders for \$500,000,000 in new cars as soon as the court approves their bid.

Young is working closely with Edward R. Budd of the Budd Manufacturing Co., another businessman who believes in imagination and competition as opposed to sitting beside a monopoly toll bridge and collecting easy fees. Budd is the builder of the new streamlined trains that are taking railroad travel out of the cinders and green plush era.

As Young sees it, the railroads, far from being defeated in this matter of passenger business by the automobile and the airplane, can develop great new, unexplored fields of travel. He has worked out many ingenious plans in this direction, but these must await final disposition of the Pullman case. The Pullman Co. is at this point seeking to delay action, although the separation decree was handed down many months ago.

☛

FRANK PIERCE of Standard Oil is in charge of that company's employe relations. Under his direction, the company has worked out a pension and security plan far in advance of what Government has done. Recently, Pierce was invited to Washington to explain the plan to the Civil Service Commission.

Part of the Pierce plan is to encourage employes to acquire stock in the company. As Pierce puts it, you've got to give people a stake in our system if you're going to hold their loyalty.

The stock ownership idea, made difficult by SEC regulations, is only a minor phase of Standard's thrift plan. During the 10 years that a thrift fund has been in operation, more than 120 million dollars has been paid in, of which the company contributed \$61,838,143.

Not alone because of what they are doing but because they are proof of the vitality of our system, Messrs. Young and Pierce seem to me to be hopeful signs of the times. If men with imagination and ideas can get a hearing and an opportunity, then the American system is still sound.

**END OF  
VOLUME**